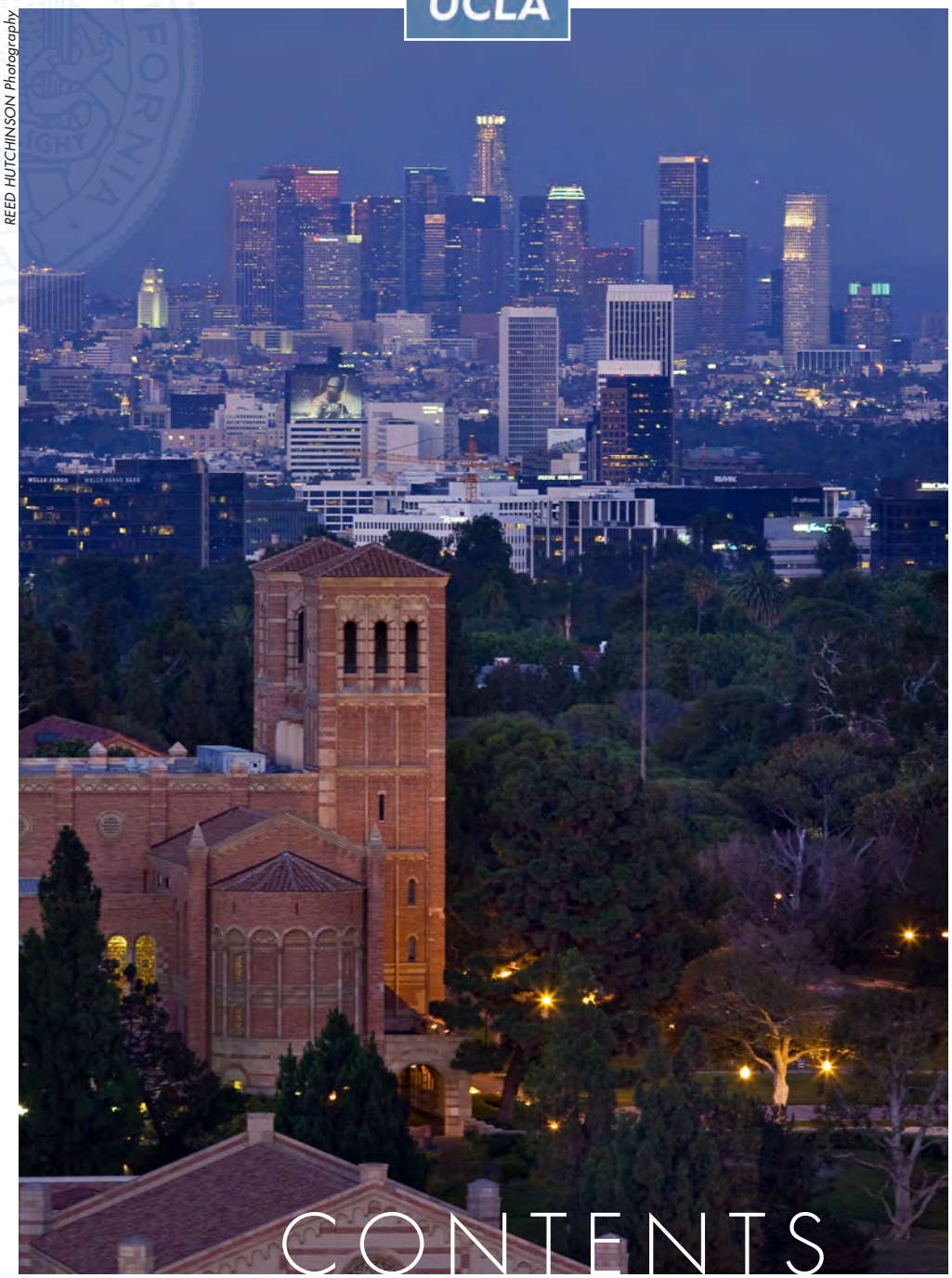
UCLA

ANNUAL FINANCIAL REPORT

2011 • 2012



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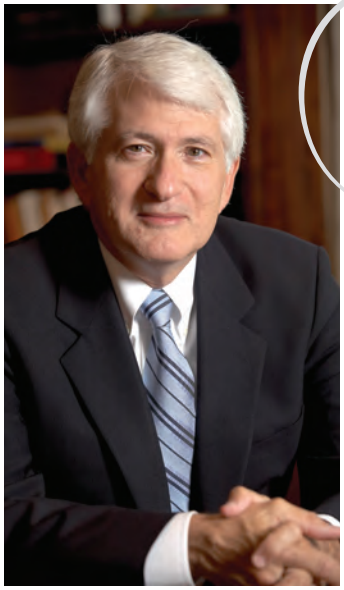
Letter from
Chancellor Gene D. Block



Todd Ceney/UCLA Photography

"Today, UCLA is stronger than ever and enjoys unprecedented respect and acclaim around the world."

The 2011–12 academic year was filled with outstanding accomplishments by UCLA's students, faculty and staff. It also marked my fifth year as UCLA's chancellor. During that half decade, which has coincided with one of the most challenging periods for public funding of higher education in our nation's history, our campus has thrived. Today, UCLA is stronger than ever and enjoys unprecedented respect and acclaim around the world.

Thanks to our planning of the past several years and an extraordinary collective effort that is not only campus-wide but also extends to parents, alumni and donors, UCLA is well positioned to continue our upward trajectory toward our centennial in 2019 and beyond — despite the State of California's continued disinvestment in our great institution.

Academic and Research Excellence. UCLA's reputation, nationally and internationally, continued to soar in 2011–12. Third-party rankings illustrate the regard in which an institution is held, even though they are imperfect measures of a university's excellence, and we were especially proud of our standing in three surveys. *Washington Monthly*, which publishes rankings based on cutting-edge scholarship, commitment to service and access for low-income students, placed UCLA No. 2 in the U.S. Internationally, the Shanghai Jiao Tong Academic Ranking of World Universities placed UCLA No. 12, and the Times Higher Education rankings, from London placed us at No. 13 in the world.

UCLA researchers received more than $1 billion in competitively awarded grants and contracts, marking the third consecutive year our campus exceeded that impressive figure. This three-year performance would be an extraordinary achievement in any environment, but it is particularly so in this era of declining federal funding for research.

Throughout the campus, UCLA faculty continued to break new ground in their research. Among the most intriguing examples, electrical engineering professor Aydogan Ozcan is developing technology that utilizes standard cell phone components to create mobile medical labs to aid in the fight against global disease. Professor Wenyuan Shi of our School of Dentistry created a mouthwash that targets the bacteria that is the principal cause of tooth decay and cavities — and could eventually prove to be the end of tooth decay. In another important project, UCLA researchers led by Dr. Beate Ritz identified two genetic markers that may help determine which Parkinson's disease patients will experience a more rapid decline in motor function; the discovery has sparked hopes for new therapies.

Our stellar faculty also continued to bring honor to UCLA by earning election to the most prestigious academic societies and winning national and international research awards. Among those numerous accolades were not one but two Crafoord Prizes, awarded by the Royal Swedish Academy of Sciences, to physics and astronomy

"President Clinton was the featured speaker of the inaugural Luskin Lecture for Thought Leadership, which was established by longtime supporters Meyer and Renee Luskin to facilitate high-level dialogue among scholars, leaders and our community on pressing societal issues."

professor Andrea Ghez and mathematics professor Terence Tao. It was an auspicious achievement for UCLA scholars to win two of the four awards presented by the Royal Academy in 2012. Computer science professor Judea Pearl received the A.M. Turing Award — considered the "Nobel Prize in Computing" — from the Association for Computing Machinery. Teo Ruiz, professor of history and of Spanish and Portuguese, was awarded the National Humanities Medal at the White House by President Obama. Laure Murat, associate professor of French and Francophone studies, received a Guggenheim Fellowship. And Professor David Jewitt received two of the highest honors in his field, the Kavli Prize in astrophysics and the Shaw Prize in astronomy.

Civic Engagement. In very tangible ways, our academic year began and ended with civic engagement. Before classes started, more than 7,000 Bruins participated in our third annual UCLA Volunteer Day, cleaning, painting, gardening and making repairs at 26 sites throughout Los Angeles. This new UCLA tradition has, in its brief history, strengthened the culture of volunteerism among our students — many of whom are already committed to service when they arrive on campus. We also extended the spirit of Volunteer Day with the introduction of "One Bus, One Cause," an initiative that introduces students to opportunities for ongoing volunteer work by sending busloads of Bruins into the community to address needs at various service organizations.

Our collective responsibility to one another was one of the touchstones of a stirring lecture at Royce Hall in May by former President Bill Clinton. President Clinton was the featured speaker of the inaugural Luskin Lecture for Thought Leadership, which was established by longtime supporters Meyer and Renee Luskin to facilitate high-level dialogue among scholars, leaders and our community on pressing societal issues. And as the year came to a close, Jessica Jackley, entrepreneur and co-founder of the peer-to-peer lending website Kiva, echoed the theme of civic responsibility in her keynote at the College of Letters and Science commencement.

Diversity and Access. We remain a beacon of access and opportunity for students of all backgrounds. The students admitted to UCLA for the fall of 2012 represented our most ethnically, geographically and socioeconomically diverse class to date.

Diversity is a priority, not just in the demographics of our student body, faculty and staff, but also in ensuring a welcoming environment where all viewpoints are respected. Building on our Principles of Community, we developed a series of public events, curricula and programs that further our obligation to equip students for success in a complicated, interconnected world. I enjoyed teaching one of these seminars during the spring quarter.

Financial Security. The dramatic decline in state support of the University of California system has prompted UCLA to become much more financially self-reliant, and we are well on our way with a multifaceted strategy to transform the funding model and enable UCLA to truly thrive in this new environment.

Because of prudent financial planning, we were able to continue making strategic investments in 2011–12 to enhance the UCLA experience for students and faculty. We continued to expand both graduate and undergraduate student housing. Construction continued on the Edie and Lew Wasserman research building in the Jules Stein complex, and planning progressed for a residential conference center, medical education building, the expansion of Schoenberg Hall, and the renovation of space

"While we remain focused on administrative and academic efficiencies, we also have a promising effort underway to increase revenue from intellectual property and the licensing of faculty inventions."

at the School of Theater, Film and Television, among others.

While we remain focused on administrative and academic efficiencies, we also have a promising effort underway to increase revenue from intellectual property and the licensing of faculty inventions. The results will become apparent over the next several years, when we expect that higher returns and a more stable revenue stream will not only benefit UCLA and our faculty inventors but also promote regional economic development.

We enjoyed another impressive year in raising funds through the generous support of our alumni, parents and supporters. For 2011–12, the university raised $402 million, with 58,358 donors giving more than 75,000 gifts. In the past several years, the university has been consistently ranked as the top public institution nationally in higher education fundraising by the Council for Aid to Education.

Among the most notable contributions of the past 12 months was a $50 million gift to the School of Public Health — the largest in its 50-year history — from faculty member Jonathan Fielding and his wife, Karin Fielding. In February, in recognition of the gift, the school was renamed for the Fieldings. In addition, the School of Law closed a successful fundraising campaign that exceeded its ambitious goals, bringing in more than $110 million. The funds have already resulted in new research centers that have elevated the school's national profile and enabled faculty and students to have an even greater impact in the community.

As we continued to deepen the culture of engagement and philanthropy at UCLA, we also advanced planning for a forthcoming fundraising campaign. The campaign will strengthen the platform for UCLA's second century of excellence and enable new generations of students and faculty to build upon the remarkable legacy of achievement that has made UCLA such an important engine of opportunity and a vital contributor to the advancement of our society.

Athletic Prowess. 2011–12 offered numerous occasions to celebrate the achievements of our athletic teams, as our student-athletes and coaches continued to enhance UCLA's outstanding record in NCAA athletics. The Bruin baseball team advanced to the College World Series for the second time in three years. Our women's volleyball team defeated the University of Illinois for the NCAA championship — the program's fourth national crown and UCLA's 108th in all. The men's volleyball team marked a noteworthy and bittersweet milestone as well — the retirement of the legendary Al Scates, who led Bruin volleyball teams to an astounding 19 NCAA championships during his 50-year run as coach. Throughout the year, we eagerly followed the progress of the renovation of Pauley Pavilion (and we celebrated its reopening in October).

Finally, the achievements of our students, faculty and staff, and the extraordinary support of our alumni and friends, significantly advanced UCLA's ability to meet our vital role as a great public research university during the past year. Thank you for your commitment to UCLA.

Gene D. Block
Chancellor

UNIVERSITY OF CALIFORNIA, LOS ANGELES

CAMPUS AND FINANCIAL HIGHLIGHTS

At June 30, 2012 and 2011 *(dollars in millions)*	2012	2011
CAMPUS LAND AREA	419 acres	419 acres
ENROLLMENT - FALL QUARTER		
Undergraduates	27,199	26,162
Graduates, and Interns and Residents	13,476	13,431
EMPLOYEE COUNT		
Full-Time Equivalent (includes over 7,000 casuals and students)	30,730	29,923
NET POSITION:		
Beginning of Year	$ 3,965	$ 3,554
End of Year	$ 4,007	$ 3,965
ASSETS:		
Total Current Assets	$ 1,577	$ 1,514
Total Noncurrent Assets and Deferred Outflows	8,723	9,520
	$ 10,300	$ 11,034
LIABILITIES:		
Total Current Liabilities	$ 1,041	$ 1,044
Total Noncurrent Liabilities	5,252	4,511
	$ 6,293	$ 5,555
REVENUE:		
Operating Revenue	$ 4,569	$ 4,262
Nonoperating Revenue (Core Activities)	795	802
	$ 5,364	$ 5,064
Principal Sources of Operating Revenue:		
Student Tuition and Fees	*$ 579*	*$ 503*
Grants and Contracts	*$ 945*	*$ 951*
Sales and Services	*$ 2,957*	*$ 2,753*
Principal Sources of Nonoperating Revenue:		
State Educational Appropriations	*$ 379*	*$ 480*
EXPENDITURES:		
Operating Expense	$ 5,449	$ 4,935
Nonoperating Expense (Core Activities)	146	129
	$ 5,595	$ 5,064
Principal Operating Expenditures:		
Salaries and Wages	*$ 2,557*	*$ 2,370*
Benefits	*$ 1,256*	*$ 1,050*
Supplies and Materials	*$ 534*	*$ 480*
Other Operating Expenditures	*$ 712*	*$ 663*

UCLA

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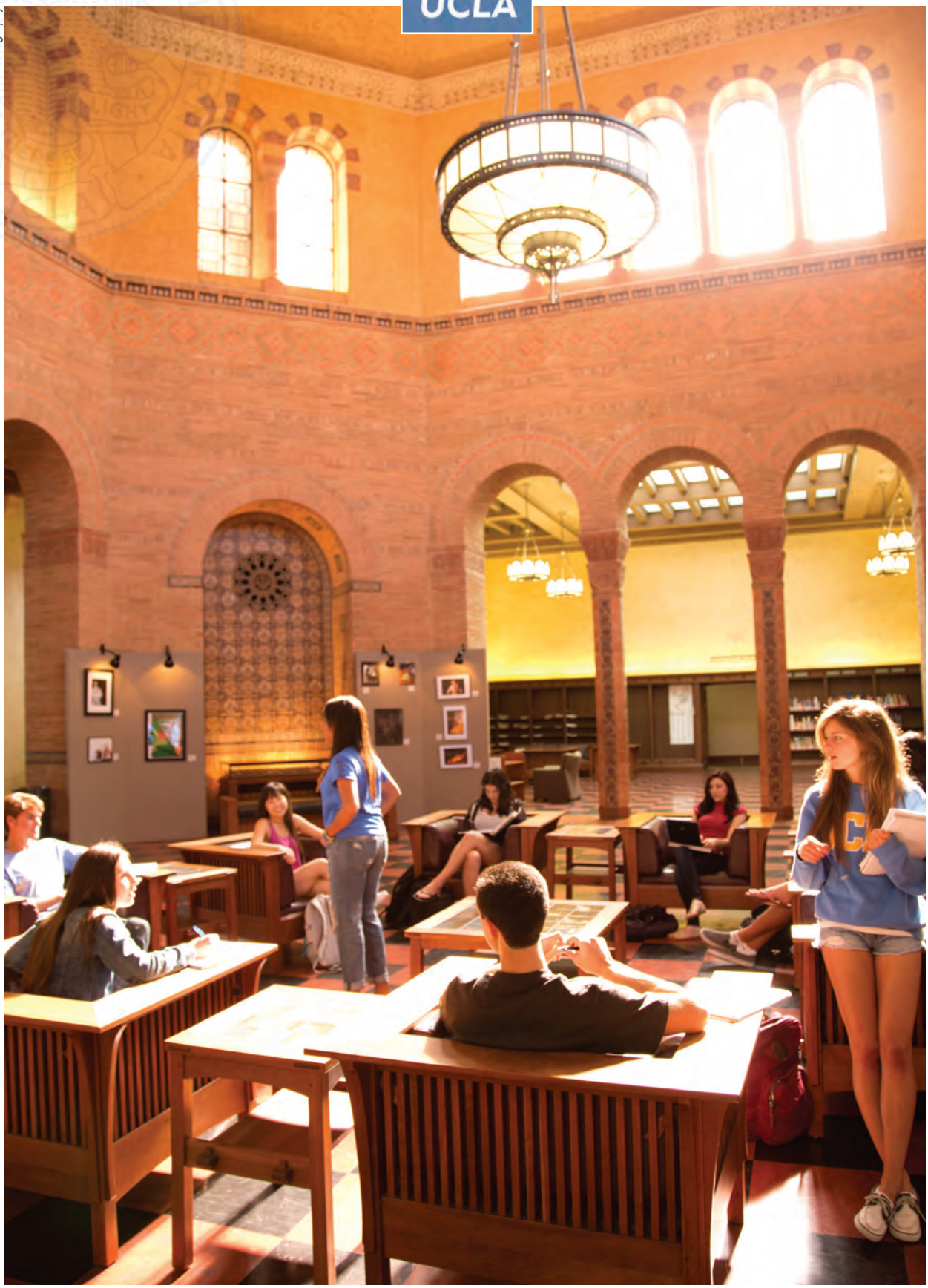


Students study in the Powell Library rotunda.

MANAGEMENT'S DISCUSSION & ANALYSIS

The objective of Management's Discussion and Analysis (MD&A) is to give readers an overview of the financial position and operating activities of the University of California, Los Angeles (UCLA), for the fiscal year ended June 30, 2012, with selected comparative information for the year ended June 30, 2011. This discussion was prepared by management and should be read in conjunction with the financial statements and the accompanying notes.

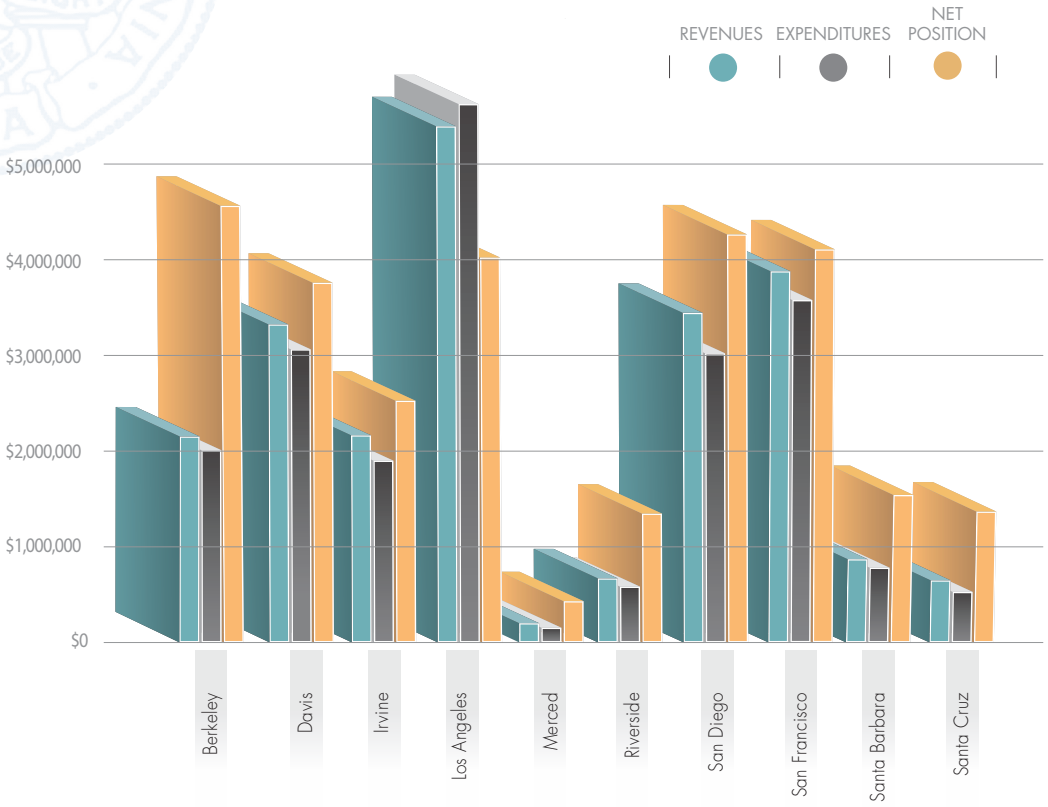
UCLA is one of 10 campuses within the University of California system. The UCLA Annual Financial Report, while not separately audited, is prepared from the official University of California records and accounts, which are maintained in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB). The three basic financial statements in this report — the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows — encompass the UCLA campus and its discretely presented components, the affiliated campus foundations (the UCLA Foundation and the Jonsson Cancer Center Foundation). However, the MD&A and the notes to the Financial Statements focus mainly on the campus; information relating to The UCLA Foundation can be found in the separately issued audited financial statements at https://www.uclafoundation.org, and information relating to the Jonsson Cancer Center Foundation (JCCF) can be found at http://www.cancer.ucla.edu/Index.aspx?page=1118.

THE UNIVERSITY OF CALIFORNIA

The University of California, one of the largest and most acclaimed institutions of higher learning in the world, is dedicated to excellence in teaching, research, health care and public service. The University encompasses 10 campuses, which include five medical schools and medical centers, four law schools and a statewide Division of Agricultural and Natural Resources. The University is also involved in the operation and management of three national laboratories for the U.S. Department of Energy. The consolidated audited financial reports of the University of California are available at http://www.universityofcalifornia.edu/reportingtransparency/.

The following chart reflects the current funds' revenues and expenditures and the total net position of the 10 UC campuses for the 2011-12 fiscal year:

REVENUES, EXPENDITURES AND NET POSITION, ALL CAMPUSES *(dollars in thousands)*



THE LOS ANGELES CAMPUS OF THE UNIVERSITY OF CALIFORNIA

UCLA was founded in 1919 and is financially the largest campus in the 10-campus University of California system, with an annual budget that exceeds $5 billion. The financial statements included in this annual report encompass the following:

Campus – The Los Angeles campus spans 419 acres in Westwood and is devoted to undergraduate and graduate scholarship serving almost 40,000 students in the following schools:

COLLEGE OF LETTERS AND SCIENCE

General
Humanities
Institute of the Environment and Sustainability
International Institute
Life Sciences
Physical Sciences
Social Sciences

HEALTH SCIENCES PROGRAMS

David Geffen School of Medicine
Jonathan and Karin Fielding School of Public Health
School of Dentistry
School of Nursing

PROFESSIONAL SCHOOLS

Graduate School of Education & Information Studies
Henry Samueli School of Engineering and Applied Science
John E. Anderson Graduate School of Management
Meyer and Renee Luskin School of Public Affairs
School of Law
School of the Arts and Architecture
School of Theater, Film and Television

BASIC BIOMEDICAL SCIENCES

Letters and Science: Basic Biomedical Sciences
Medicine: Basic Biomedical Sciences

During the 2011-12 academic year, UCLA delivered more than 3,200 different undergraduate and graduate classes each quarter and supported more than 120,000 course enrollments per quarter in 160 different subject areas. Known for academic excellence, many of UCLA's programs are rated among the best in the nation, and some are among the best in the world. Few universities offer the range and diversity of academic programs enjoyed by UCLA students.

The campus' mission also includes a strong dedication to research and public service. The UCLA community focuses on environmental issues, economic and social policy concerns, public education reform, the cost of health care and medical advances. More than 6,000 research projects are being conducted on campus at any given time. For 2012, UCLA expenditures for research exceeded $700 million. In 2010, the most recently available ranking, the Center for Measuring University Performance, placed UCLA 9th among the nation's top public and private research universities. This ranking was based on the number of competitively awarded research grants and contracts; faculty membership in the National Academies; faculty awards; the number of doctorates awarded; and other factors relating to research.

UCLA Extension offers the public more than 5,000 continuing education courses annually, covering professional and career development, academic enrichment and personal growth. These courses attract over 39,000 individual students from the many communities of Southern California and beyond.

UCLA employs over 41,000 faculty, administrators and staff (including casual and student employees) filling approximately 30,000 full-time equivalent positions and spent $3 billion in compensation costs for the fiscal year ended June 30, 2012. UCLA's employees are distinguished for their contributions to education, research and public service. Nobel Prizes have been awarded to five faculty members, in chemistry, physics and medicine (and to six alumni, in economics and chemistry, with one alumnus receiving the Nobel Peace Prize in 1950). UCLA alumni include 12 Rhodes Scholars; faculty have received 10 National Medals of Science and one Fields Medal; and the Presidential Medal of Freedom has been given to three faculty and four alumni.

The Center for the Art of Performance at UCLA, the Fowler Museum at UCLA, the Hammer Museum and the UCLA Film & Television Archive provide both academic programs and a wide array of public events second to none.

As of fall 2011, UCLA's on-campus physical plant included five on-campus buildings under construction, along with 194 existing buildings. Off campus, UCLA owns or manages 247 buildings and has 98 existing building leases for various programmatic activities. UCLA's buildings include 12 libraries, housing more than 11 million volumes; a cogeneration power plant; on-campus student housing for more than 11,000 students; off-campus student and faculty apartments; and more, including the UCLA Conference Center at Lake Arrowhead.

UCLA Health System – Comprised of Ronald Reagan UCLA Medical Center, UCLA Medical Center Santa Monica, Resnick Neuropsychiatric Hospital at UCLA, Mattel Children's Hospital UCLA, and the UCLA Medical Group with its wide-reaching system of primary-care and specialty-care offices throughout the region, UCLA Health System is among the most comprehensive and advanced health care systems in the world. It has been named the "Best Hospital in the West" by U.S. News & World Report for 23 consecutive years. The Medical Center is the primary teaching hospital for the David Geffen School of Medicine at UCLA. Information relating to UCLA Health System can be found at http://www.uclahealth.org/.

An Overview – While UCLA's financial information concerning assets, liabilities, revenues and core activity expenditures is discussed in further detail in the subsequent sections of the MD&A, the following table reflects the composition of UCLA for 2012, listing enrollment figures, full-time equivalent employee figures and operating expenses by organization.

(dollars in millions)	Undergraduates	Graduates, Interns and Residents	Full-Time Equivalent (Includes Students)	Salaries and Wages	Other Expenditures	Total Expenditures
Organizations	**Fall Enrollment**		**Employees**	**Operating Expenses**		
College of Letters and Science	21,940	2,686	3,497	$ 263	$ 162	$ 425
School of the Arts and Architecture	822	361	487	34	21	55
School of Dentistry	-	496	392	34	25	59
School of Education and Information Studies	-	902	427	31	20	51
School of Engineering and Applied Science	3,300	1,844	848	68	51	119
School of Law	-	1,086	264	30	18	48
School of Management	-	1,914	397	49	36	85
School of Medicine	-	2,285	7,333	764	574	1,338
School of Nursing	238	352	183	15	9	24
School of Public Health	-	626	335	29	28	57
School of Public Affairs	-	492	152	12	13	25
School of Theater, Film and Television	365	380	257	2	26	28
Basic Biomedical Sciences	534	52	175	14	13	27
Neuropsychiatric Institute	-	-	615	62	54	116
Neuropsychiatric Hospital	-	-	289	30	17	47
Medical Center	-	-	7,771	692	858	1,550
University Extension	-	-	429	34	34	68
All Others	-	-	6,879	394	246	640
Subtotal Organizations	27,199	13,476	30,730	2,557	2,205	4,763
Depreciation Expense					294	294
Other Operational Expenditures					392	392
Total	27,199	13,476	30,730	$ 2,557	$ 2,891	$ 5,449

THE CAMPUS' FINANCIAL POSITION

The statement of net position presents UCLA's financial position at the end of the fiscal year. It displays the assets and liabilities of the campus. The difference between assets and liabilities is net position.

The Campus' Assets

UCLA's total assets have grown by $780 million to $10.3 billion in 2012, compared to $9.5 billion in 2011. Generally, over the past two years, capital assets have increased while investments have fluctuated consistent with market performance.

Investments held by the University are principally carried in three investment pools: the Short Term Investment Pool (STIP), the Total Return Investment Pool (TRIP) and the General Endowment Pool (GEP). Cash for operations and bond proceeds for construction expenditures are invested in STIP. The University uses STIP to meet operational liquidity needs. TRIP allows participating campuses the opportunity to maximize the return on long-term capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP is managed to a total return objective and is intended to supplement STIP. The GEP is a balanced portfolio and the primary investment vehicle for individual endowments and funds functioning as endowments.

The Regents of the University of California (The Regents) utilize asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and at acceptable levels of risk. The GEP portfolio return was a negative return of 0.7 percent in 2012 and a positive return of 20.2 percent in 2011. TRIP had positive returns of 6.7 percent in 2012 and 11.2 percent in 2011. STIP had positive returns of 2.4 percent and 2.5 percent in 2012 and 2011, respectively. For 2012 and 2011, UCLA's investments included $1.7 billion and $1.8 billion, respectively in STIP, $1.3 billion and $697 million, respectively in TRIP and $1.2 billion and $1.3 billion, respectively in GEP.

Capital assets, net continues to increase in order to provide the facilities necessary to support UCLA's teaching, research and public service mission and for patient care. These facilities include core academic buildings, libraries, student services, housing and auxiliary enterprises, health science centers, utility plants and infrastructure, and remote centers for educational outreach, research and public service. Total additions to capital assets were $681 million in 2012 and $521 million in 2011. Capitalized buildings and improvements included the Santa Monica Replacement Hospital for $351 million and the 16th Street Medical Office Building for $75 million. Projects under construction include the Pauley Pavilion Renovation and the implementation of electronic medical center health records project.

Other assets include inventories ($48 million), accounts receivables ($606 million), pledges receivable ($14 million), notes and mortgages receivable ($79 million) and other assets ($63 million).

Deferred Outflows of Resources

Changes in fair values of the University's interest rate swaps, that are determined to be hedging derivatives, are reported as deferred outflows of resources totaling $52 million and $37 million for 2012 and 2011, respectively.

The Campus' Liabilities

Campus liabilities grew to $6.3 billion in 2012, compared to $5.5 billion in 2011, mainly due to the issuance of addition debt and increases in the obligations for retiree pensions and health benefits.

Debt increased by $437 million to $3.3 billion at the end of 2012, compared to $2.9 billion at the end of 2011. Capital assets are financed from a variety of sources, including equity contributions, federal and state support, revenue bonds, bank loans and leases. Commercial paper provides interim financing for capital assets during the construction period. UCLA's debt, which is used to finance capital assets, includes $165 million of commercial paper outstanding at the end of 2012 and $33 million of commercial paper outstanding at the end of 2011.

In 2012, $466 million of debt was issued. General Revenue Bonds of $403 million and capital leases of $63 million were issued to finance or refinance certain UCLA facilities and projects. Reductions to outstanding debt in 2012 were $160 million; including $38 million for the refinancing or refunding of previously outstanding debt and $28 million in principal payments and amortizations.

The University's General Revenue Bond ratings are currently affirmed at Aa1 with a stable outlook by Moody's Investors Service, AA+ by Fitch with a stable outlook and AA by Standard & Poor's with a stable outlook. The University's Limited Project Revenue Bonds and Medical Center Pooled Revenue Bonds are currently affirmed at Aa2 with a stable outlook by Moody's Investors Service and AA- by Standard & Poor's with a stable outlook. The University's Limited Project Revenue Bonds are rated AA by Fitch.

In February 2012, the University entered into a $215 million revolving credit agreement with a major financial institution for the purposes of providing additional liquidity.

• *Obligations to UCRP and for retiree health benefits*
The University has a financial responsibility for pension benefits associated with its defined benefit plan and for retiree health benefits. The University's obligation to University of California Retirement Plan (UCRP) represents the unfunded portion of the actuarial determined annual required contributions under the University's funding policy. The funding policy contributions for UCLA for 2012 were $508

million, which represents 26.5 percent of covered compensation. The funding policy contributions for 2011 were $419 million, which represents 23.3 percent of covered compensation.

The University's obligation for retiree health benefits is based upon an actuarial determination of the annual retiree health benefit expense. The University funds the retiree health expense through University of California Retiree Health Benefit Trust (UCRHBT) based upon a projection of benefits on a pay-as-you-go basis. The increase of $264 million and $326 million in both 2012 and 2011, respectively, in the obligation for retiree health benefits is due to the impact of amortizing the University's unfunded obligation. The unfunded liability for the campus as of July 1, 2011 actuarial valuation was $3.3 billion.

Other Liabilities include federal refundable loans, and accrued vacation and derivative instruments. They increased by $26 million to $175 million.

The Campus' Net Position

Net position represents the residual interest in the Campus' assets and deferred outflows after all liabilities are deducted. During the year, the campus' net position increased by $42 million, bringing the year-end total to $4 billion. Net position is reported in four major categories: invested in capital assets, net of related debt; restricted nonexpendable; restricted expendable; and unrestricted.

The portion of net position invested in capital assets – net of accumulated depreciation and related outstanding debt used to finance the acquisition, construction or improvement of these capital assets – was $2.3 billion in 2012, an increase of $309 million over 2011 as the campus continues to invest in its physical facilities.

Restricted, nonexpendable net position includes the corpus of the Campus' permanent endowments and the estimated fair value of certain planned giving arrangements. In 2012 and 2011, the increases in nonexpendable net position were principally due to investment performance in excess of the income distribution.

Restricted expendable net position, which totaled $1.3 billion in 2012 and $1.4 billion in 2011, is subjected to externally imposed restrictions governing their use. Net position may be spent only in accordance with the restrictions placed upon them and may include endowment income and gains, subject to the University's spending policy; support received from gifts, appropriations or capital projects; trustee held investments; or other third party receipts. In 2012, the decrease in restricted expendable funds is principally related to a revaluation of external trusts and to a slight decline in global equity markets.

Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the net position is allocated for academic and research initiatives or programs, for capital purposes, and for other purposes. As of June 30, 2012, unrestricted net position decreased to $183 million. This decrease is due to pension plan funding requirements and increases in the obligation for retiree health benefits.

THE CAMPUS' RESULTS OF OPERATIONS

The statement of revenues, expenses and changes in net position is a presentation of the Campus' operating results for the fiscal year. It indicates whether the financial condition has improved or deteriorated. In accordance with GASB requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the Campus, including state educational appropriations, private gifts and investment income, are required to be recorded as nonoperating revenues.

Below is a summarized comparison of the operating results for 2012 and 2011, arranged in a format that matches the revenue supporting the core activities of UCLA with the expenses associated with core activities:

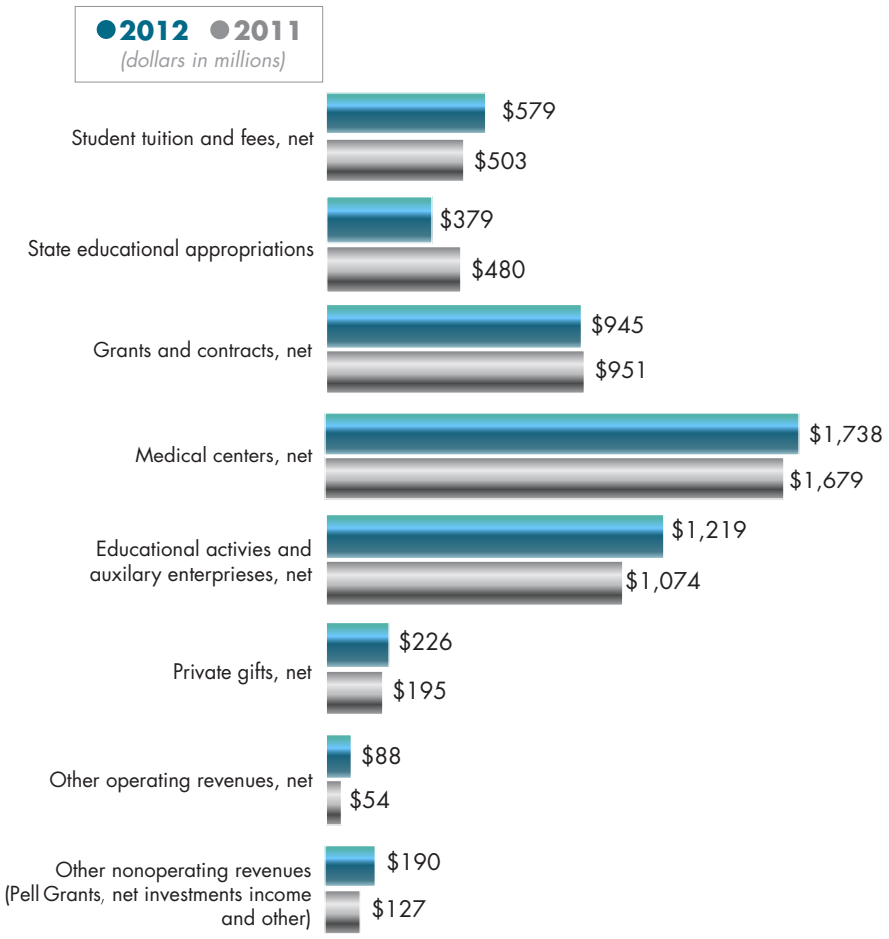
	YEAR ENDED JUNE 30, 2012			YEAR ENDED JUNE 30, 2011		
(dollars in millions)	**Operating**	**Nonoperating**	**Total**	**Operating**	**Nonoperating**	**Total**
REVENUES						
Student tuition and fees, net	$ 579	$ -	$ 579	$ 503	$ -	$ 503
State educational appropriations	-	379	379	-	480	480
Pell Grants	-	50	50	-	47	47
Grants and contracts, net	945		945	951		951
Sales and services, net	2,957	-	2,957	2,753	-	2,753
Private gifts, net	-	226	226	-	195	195
Investment income, net	-	91	91	-	37	37
Other revenues, net	88	49	137	55	43	98
Revenues supporting core activities	**4,569**	**795**	**5,364**	**4,262**	**802**	**5,064**
EXPENSES						
Salaries and benefits	3,824	-	3,824	3,419	-	3,419
Scholarships and fellowships	41	-	41	56	-	56
Utilities	44	-	44	46	-	46
Supplies and materials	534	-	534	480	-	480
Depreciation and amortization	294	26	320	271	-	271
Interest expense	-	120	120	-	129	129
Other expenses	712	-	712	663	-	663
Expenses associated with core activities	**5,449**	**146**	**5,595**	**4,935**	**129**	**5,064**
Income (loss) from core activities	**(880)**	**649**	**(231)**	**(673)**	**673**	**-**
OTHER NONOPERATING ACTIVITIES						
Gain (loss) on disposal of capital assets, net of proceeds			(30)			(21)
Income (loss) before other changes in net position			**(261)**			**(21)**
OTHER CHANGES IN NET POSITION						
State capital appropriations			4			17
Capital gifts and grants			66			67
Permanent endowments			(104)			206
Transfers to (from) core activities			53			107
Transfers to (from) capital accounts			284			35
Increase in net position			**42**			**411**
NET POSITION						
Beginning of year			3,965			3,554
End of year			**$ 4,007**			**$ 3,965**

Revenues Supporting Core Activities

Revenues to support UCLA's core activities, including those classified as nonoperating revenues, grew from $5.1 billion in 2011 to $5.4 billion in 2012, an increase of $301 million.

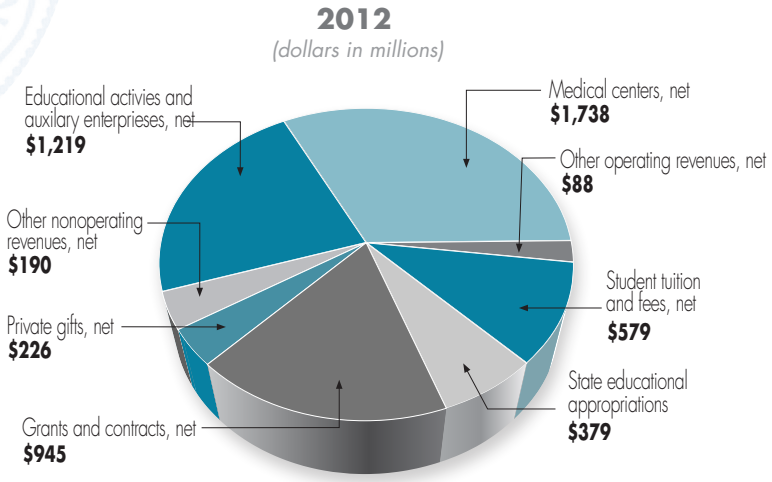
State of California educational appropriations, in conjunction with student tuition and fees, are the core components that support the instructional mission of UCLA. Grants and contracts provide opportunities for undergraduate and graduate students to participate in basic research alongside some of the most prominent researchers in the country. Gifts to the campus allow crucial flexibility to faculty for support of their fundamental activities or new academic initiatives. Sales and service revenue includes the UCLA Health System, educational activities and auxiliary enterprises such as student housing, food services operations and parking.

Revenues in the various categories have increased or decreased over the last year as follows:



A major financial strength of UCLA includes a diverse source of revenues, including those from the State of California, student fees, federally sponsored grants and contracts, medical centers, private support and self-supporting enterprises. The variety of fund sources has become increasingly important over the past several years given the effects of the state's financial crisis that required reductions in both instructional and non-instructional programs.

The following chart displays the categories of both operating and nonoperating revenues that support core activities, as of June 30, 2012:



Student Tuition and Fees revenue, net of scholarship allowances, increased $76 million in 2012 and account for 11 percent of UCLA's revenue.

Student Tuition and Fees, net *(dollars in millions)*	**2012**	**2011**	**Change**
Student tuition and fees	$ 699	$ 583	$ 116
Summer Sessions	44	41	3
University Extension	75	72	3
Scholarship allowance	(239)	(193)	(46)
Total	**$ 579**	**$ 503**	**$ 76**

The student enrollment increased 3 percent on a year-over-year basis, with enrolled students of 40,675 and 39,593 in the fall of 2011 and 2010, respectively. Undergraduate and graduate mandatory tuition and fees increased 16 percent and 17 percent, respectively. These fee increases were necessitated by the decline in state educational appropriations. Consistent with past practices, approximately one-third of the revenue generated from these fee increases was used for financial aid to mitigate the impact on low-income students which resulted in the 23 percent increase in scholarship allowances. Non-resident undergraduate and graduate supplement tuition fees increased 3 percent and 4 percent respectively. Professional degree supplemental tuition varies by discipline, although most programs increased supplemental tuition levels in 2012 and 2011.

State Educational Appropriations from the State of California were $379 million and $480 million in 2012 and 2011, respectively, accounts for 7 percent of UCLA's revenue. State education appropriations decreased in 2012 by $101 million as the state continues to address its fiscal challenges and due to the expiration of federal stimulus programs. State resources for enrollment growth, faculty and staff increases, and other inflationary cost increases were not available, leading to increases in student tuition and fees.

Grants and Contracts, net – from federal, state, private and local sources, recognized as expenditures incur, including an overall facilities and administration cost recovery of $191 million and $192 million in 2012 and 2011, respectively – were $945 million in 2012 and $951 million in 2011, accounting for 18 percent of UCLA's revenue. The awarded grants and contract dollars for 2012 exceeded $1 billion.

Grants and Contracts *(dollars in millions)*	**2012**	**2011**	**Change**
Federal government	$ 637	$ 660	$ (23)
State agencies	76	70	6
Private industries	192	183	9
Local government	40	38	2
Total	**$ 945**	**$ 951**	**$ (6)**

Federal grant and contract revenue decreased $23 million from 2011, which is primarily attributed to the American Recovery and Reinvestment Act of 2009 (ARRA) funded grants from federal agencies such as the Department of Health and Human Services and National Science Foundation that ended with the prior year.

Sales and Services, net represents revenue from UCLA Health Systems, educational activities and auxiliary enterprises.

Sales and Services *(dollars in millions)*	**2012**	**2011**	**Change**
UCLA Health System	$ 1,738	$ 1,679	$ 59
Educational activities	900	769	131
Auxiliary enterprises, net	319	305	14
Total	**$ 2,957**	**$ 2,753**	**$ 204**

The UCLA Health System revenues, net of allowances, increased $59 million and $155 million in 2012 and 2011, respectively. The revenue growth in both years is primarily due to increases in contract rates, outpatient volume, and Medicare volume. During 2012 and 2011, the medical center received additional reimbursements of $2 million and $16 million, respectively, related to the Federal Medicaid Assistance Percentage contained in the American Reinvestment and Recovery Act for poor and indigent patients.

Revenue from education activities, primarily physicians' professional fees, net of allowances, grew by $131 million in 2012. The growth is generally associated with an expanded patient base and higher rates from third-party payors. Sales from auxiliary enterprises, including on-campus student housing, off-campus housing, intercollegiate athletics, ASUCLA's book store and parking services, increased 5 percent or $14 million.

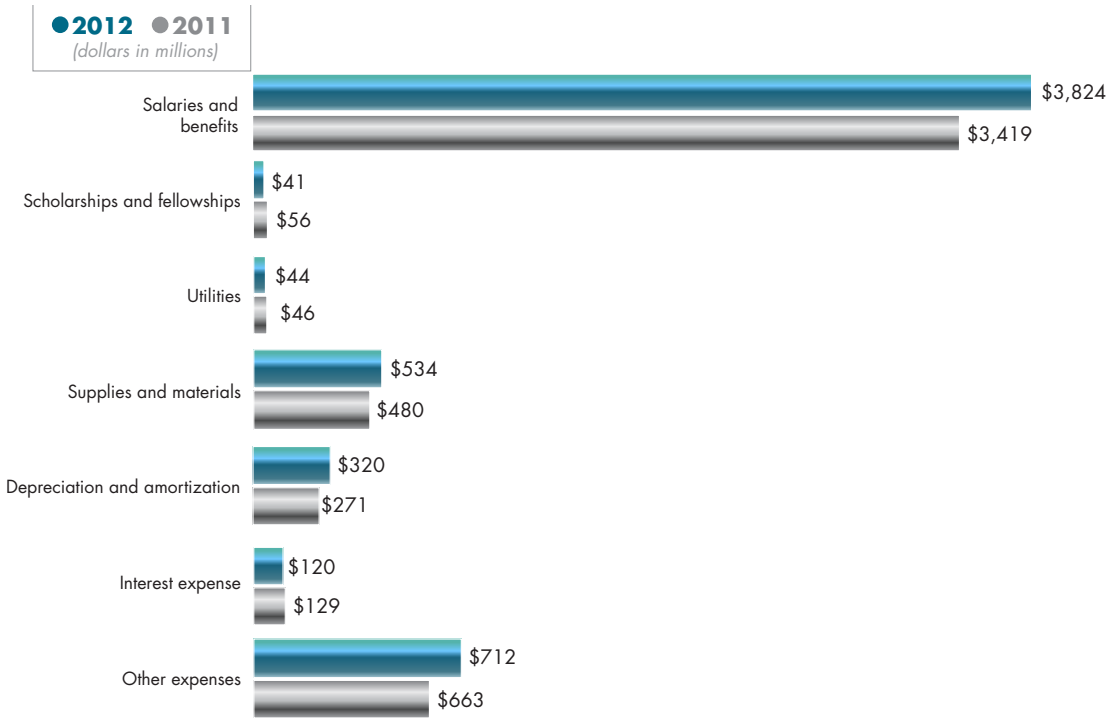
Private Gift revenue, considered nonoperating revenue, either comes directly from the donor or is held by The UCLA Foundation or Jonsson Cancer Center Foundation until transferred to the campus for use.

These funds generally are restricted to uses designated by the donor. In 2012, revenues totaled $226 million, representing a $31 million increase from 2011. Approximately 66 percent of these gifts came through The UCLA Foundation for various campus needs. The largest gift moving through The UCLA Foundation and onto the campus, during 2012 and 2011, was for the Pauley Pavilion renovation.

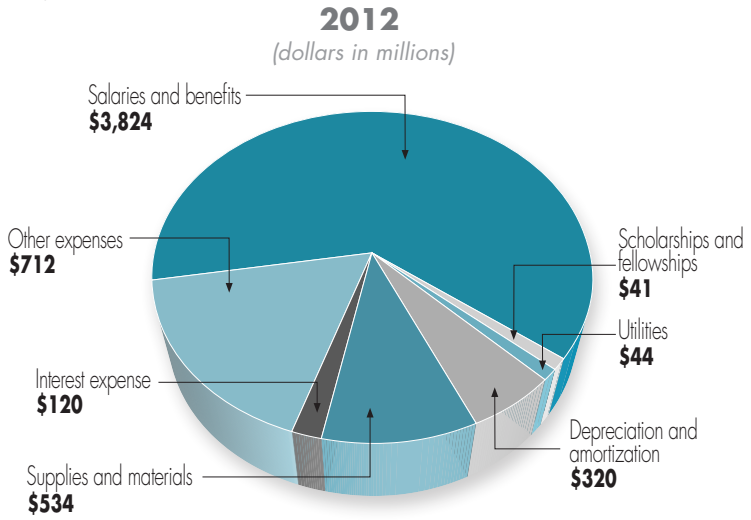
The Expenses Associated with Core Activities

UCLA's expenses associated with core activities for 2012, including those classified as nonoperating expenses, totaled $5.6 billion, up $531 million from $5.1 billion in 2011. Almost two-thirds of UCLA's core expenses are related to salaries and benefits of academic and administrative staff working on behalf of the University. Other expenses are related to goods and services used for operation of the core activities of the campus, depreciation of capital assets, and scholarship and fellowship payments to students.

Expenditures in the various categories have increased or decreased over the last year as follows:



The following chart displays the categories of both operating and nonoperating expenses that support core activities, as of June 30, 2012:



Salaries and Benefits cover over 41,000 employees filling approximately 30,000 full-time-equivalent (FTE) positions, a 3 percent increase over the prior year. Over 68 percent of UCLA's expenses are related to salaries and benefits, which grew by $404 million in 2012. Salaries and wages increased $187 million or 8 percent due to a 3 percent increase in the number of FTEs and a 5 percent increase in the average salary per FTE. Benefits increased by $217 million or 21 percent due to higher health insurance costs and employer contributions to the University retirement plan.

Scholarships and Fellowships, represented as payments of financial aid made directly to students and reported as an operating expense, decreased $15 million for 2012, from $56 million in 2011 to $41 million in 2012. However, scholarship allowances, representing financial aid and fee waivers awarded by the Campus, also forms of scholarship and fellowship costs, increased in 2012 by $48 million, from $231 million in 2011 to $279 million in 2012. These scholarship allowances are reported as an offset to revenue, not as an operating expense. On a combined basis, as the Campus continues its commitment to provide financial support for low income students, the Campus financial aid, in all forms, grew to $320 million in 2012 from $287 million in 2011, an increase of $33 million or 11 percent. UCLA places a high priority on student financial aid as part of its commitment to affordability.

Supplies and Materials increased by $54 million or 11 percent during 2012, primarily due to inflationary pressure on the costs for medical supplies and laboratory instruments and higher costs for general supplies necessary to support expanded research activity and increased medical patient volumes. The University continues to find opportunities to manage the costs of supplies and materials in light of reduced state appropriations.

Other Expenses Associated with Core Activities, with an increase of $49 million for 2012, consists of a variety of expense categories, including travel, rent, insurance, repairs and maintenance, plus any gain or loss on the disposal of capital assets and other nonoperating expenses.

Other Nonoperating Activities

UCLA's other nonoperating activities are noncash transactions and are therefore not available to be used to support operating expenses. They include net appreciation or depreciation in the fair value of investments and the gain or loss on the disposal of capital assets. In 2012, UCLA realized a $26 million net depreciation in the fair value of investments due to a bond retirement and a $30 million loss for the disposal of capital assets, mainly for the removal of two structures.

Other Changes in Net Position

Similar to the other nonoperating activities discussed above, other changes in net position are also not available to support UCLA's operating expenses in the current year. State capital appropriations and capital gifts and grants may only be used for the purchase or construction of the specified capital assets. Only income earned from gifts of permanent endowments is available in future years to support the specified program.

UCLA's enrollment growth requires new facilities, in addition to continuing needs for renewal, modernization and seismic correction for existing facilities. Although other capital asset funding sources increased, capital appropriations from the State of California decreased by $13 million in 2012. Capital appropriations are from bond measures approved by the California voters.

THE CAMPUS' CASH FLOWS

The statement of cash flows presents the significant sources and uses of cash. UCLA's cash, primarily held in demand deposit accounts, is minimized by sweeping available cash balances into investment accounts managed by the Office of the President on a daily basis.

A summary comparison of cash flows for 2012 and 2011 is as follows:

(dollars in millions)	**2012**	**2011**	**Change**
Cash received from operations	$ 4,511	$ 4,323	$ 188
Cash payments for operations	(4,883)	(4,295)	(588)
Net cash provided (used) by operating activities	**(372)**	**28**	**(400)**
Net cash provided by noncapital financing activities	730	787	(57)
Net cash provided by operating and noncapital financing activities	**358**	**815**	**(457)**
Net cash provided (used) by capital and related financing activities	58	(436)	494
Net cash used by investing activities	(376)	(122)	(254)
Net increase in cash and cash equivalent	**40**	**257**	**(217)**
Cash and cash equivalent, beginning of year	822	565	257
Cash and cash equivalent, end of year	**$ 862**	**$ 822**	**$ 40**

UCLA's cash in demand deposit accounts increased by $40 million, from $822 million in 2011 to $862 million in 2012. In accordance with GASB requirements, certain cash flows relied upon for fundamental operational support of the core instruction mission of the Campus are reported as noncapital financing activities, including state educational appropriations, private gifts and grants, and investment income.

Net cash of $58 million, provided by capital and related financing activities, represents new external financing, state and federal capital appropriations, and gifts for capital projects partially offset by uses for purchases of capital assets and principal and interest payments.

Cash used by investing activities, offset by investment expense, is largely the result of routine timing of investment purchases, sales and, to a lesser extent, investment income.

LOOKING FORWARD

UCLA, as part of the University of California system, is a world center of learning, known for generating a steady stream of talent, knowledge and social benefits, and has always been at the center of California's capacity to innovate. The excellence of its programs attracts the best students, leverages hundreds of millions of dollars in state, federal and private funding, and promotes the discovery of new knowledge that fuels economic growth.

The University of California's state-funded budget for 2013 is $2.378 billion, up slightly from $2.272 billion for 2012. In May, the governor identified a budget gap of $15.7 billion for the State of California. The budget package adopted by the governor and the Legislature resolves about $8 billion of the gap through budget cuts. The 2013 state budget assumed adoption of the governor's revenue-raising initiative

(The Schools and Local Public Safety Protection Act of 2012 - Attorney General reference number 12-0009) on the November ballot, which would address about $5.6 billion of the gap. At the general election held on November 6, 2012, this ballot measure (Prop 30) was approved by the voters of California, who recognized the importance of continued support for California's higher education institutions.

UCLA remains highly competitive in attracting federal grants and contracts revenue, with fluctuations in the awards received closely paralleling trends in the budgets of federal research granting agencies. Over two-thirds of UCLA's federal research revenue comes from two agencies, the Department of Health and Human Services, primarily through the National Institutes of Health, and the National Science Foundation. While the federal government works through its own financial constraints, there is a bipartisan effort underway to focus on innovation and competitiveness for the nation.

UCLA's private support is a testament to its distinction as a leader in philanthropy among the nation's colleges and universities and the high regard in which its alumni, corporations, foundations and other supporters hold the Campus. The level of private support underscores the continued confidence among donors in the quality of UCLA's programs and the importance of its mission. At the same time, private support in 2013 will likely continue to reflect the changes in the economy and financial markets, the effect of which is not determinable at this time.

Campus residence halls are currently occupied at design capacity. Affordable and accessible student housing continues to be required in order to satisfy demand, and UCLA is responding by building in the traditional manner, with housing fees set to generate sufficient revenue to cover direct and indirect operating costs and debt service.

Currently, the University of California does not pre-fund retiree health benefits and provides for benefits on a pay-as-you-go basis. The unfunded liability for the UCLA July 1, 2011 actuarial valuation was $3.3 billion. The Regents approved a new eligibility formula for the Retiree Health Plan for all employees hired on or after July 1, 2013, and non-grandfathered members, that is based on a graduated formula using both a member's age and years of Retirement Plan service credit upon retirement, subject to collective bargaining for represented members.

UCRP costs are funded by a combination of investment earnings, employee member and employer contributions. The unfunded liability for the UCLA as of July 1, 2011 actuarial valuation was $1.8 billion or 82.1 percent funded. As of July 1, 2012, the funded ratio is expected to decrease to approximately 78 perceent. The total funding policy contributions in the July 1, 2011 actuarial valuations represent 26.4 percent of covered compensation. Member and employer contributions increased to 5percent and 10 percent, respectively, of covered compensation in July 2012. The Regents approved increasing employee member and employer contributions to 6.5 percent and 12 percent, respectively, in July 2013. These contribution rates are below UCRP's total funding requirements. The Regents also approved a new tier of pension benefits applicable to employees hired on or after July 1, 2013, which would increase the early retirement age from 50 to 55, but retain many of the current features of UCRP. The new tier would not offer lump sum cash outs, inactive member cost-of-living adjustments (COLAs) or subsidized survivor annuities for spouses and domestic partners. These changes are subject to collective bargaining for union-represented employees.

The UCLA Health System has demonstrated very positive financial results, although it continues to face financial and competitive challenges in the market, along with the added costs and responsibilities related to its function as an academic institution. The demand for health care services and the cost of providing them continue to increase significantly. In addition to the rising costs of salaries, benefits and medical supplies faced by hospitals throughout Southern California, along with the costs of

maintaining and upgrading facilities, the UCLA Health System also faces additional costs associated with new technologies, biomedical research, the education and training of health care professionals and the care for a disproportionate share of the medically underserved in California. Other than Medicare and Medi-Cal (California's Medicaid program), health insurance payments do not recognize the added cost of teaching in their payment to our academic medical center. Over the last few years, Medicare margins have declined as a result of payment reductions. Changes to the Medi-Cal program will likely limit or reduce rates or payment growth to the medical center in future years.

The continuing financial success of the UCLA Health System is predicated on a multifaceted strategy, which includes competing in commercial markets and offering high quality regional services. Positive results in commercial contracts have helped address the lack of support for medical education and care for the poor. Further, the UCLA Health System remains competitive by reducing costs through improved efficiencies, making strategic investments and by expanding its presence in the market through stronger links with other providers and payers. Payment strategies must recognize the need to maintain an operating margin sufficient to cover debt, provide working capital, purchase state-of-the-art equipment and invest in infrastructure and program expansion.

UCLA must have a balanced array of many categories of facilities to meet its education, research and public service goals and continues to assess its long-term capital requirements. The support for UCLA's capital program will be provided from a combination of sources, including the State of California, external financing, gifts and other sources.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by UCLA, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements – other than statements of historical facts, which address activities, events or developments that UCLA expects or anticipates will or may occur in the future – contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. UCLA does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

KYLE ALEXANDER Photography

The research commons in the Charles E. Young Research Library, completed in Fall 2011, offers 22 flexible, technology-enabled "pods" in which students and faculty can utilize library resources, conduct research and work with one another.

TRANSMITTAL LETTER

The accompanying Financial Statements reflect the financial position and the results of operations of the University of California, Los Angeles (UCLA), for the fiscal year ended June 30, 2012 and 2011.

The UCLA Financial Statements are not individually audited, but rather are audited as part of the Consolidated Annual Financial Report of the University of California by the firm of PricewaterhouseCoopers, whose report is transmitted to The Regents.

The accompanying Financial Statements and Management's Discussion and Analysis detail only local campus activity. This separate UCLA Annual Financial Report, while not separately audited, is prepared from the official University of California records and accounts, which are maintained in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB).

In compliance with GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, the financial activity of the legally separate, tax-exempt UCLA Foundation and the Jonsson Cancer Center Foundation can be found discretely recorded on the campus' financial statements under a separate column titled "Foundations."

Respectfully submitted,

Allison Baird-James

Associate Vice Chancellor/Controller

Corporate Financial Services

UNIVERSITY OF CALIFORNIA, LOS ANGELES

STATEMENT OF NET POSITION

At June 30, 2012 and 2011 *(dollars in thousands)*	CAMPUS		FOUNDATIONS	
	2012	2011	2012	2011
ASSETS				
Cash	$ 18,770	$ 37,484	$ 1,332	$ 1,510
Short-term investments	842,949	784,238	137,902	160,369
Investment of cash collateral	-	-	2,945	22,803
Investments held by trustees	157	153	550	-
Accounts receivable, net	606,721	593,518	19,300	16,958
Pledges receivable, net	6,059	8,964	46,329	39,480
Current portion of notes and mortgages receivable, net	6,809	6,686	-	-
Inventories	48,451	40,360	-	-
Other current assets	47,226	42,957	167	172
Current assets	**1,577,142**	**1,514,360**	**208,525**	**241,292**
Investments	3,343,792	2,996,595	1,485,333	1,553,720
Investments of cash collateral	-	-	-	-
Investments held by trustees	14	12	17,879	13,770
Pledges receivable, net	7,691	9,199	232,420	182,585
Notes and mortgages receivable, net	72,603	72,630	-	-
Capital assets, net	5,230,343	4,873,362	23,158	24,516
Other noncurrent assets	16,000	16,313	8,941	11,943
Noncurrent assets	**8,670,443**	**7,968,111**	**1,767,731**	**1,786,534**
Total assets	**10,247,585**	**9,482,471**	**1,976,256**	**2,027,826**
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow from interest rate swap agreements	52,752	37,959	-	-
Total deferred outflow of resources	**52,752**	**37,959**	**-**	**-**
LIABILITIES				
Accounts payable	307,499	280,168	4,207	2,197
Accrued salaries and benefits	147,048	228,055	-	-
Deferred revenue	225,844	241,407	-	-
Commercial paper	164,520	33,294	-	-
Current portion of long-term debt	80,293	118,457	2,945	22,803
Funds held for others	-	-	175,042	179,697
Other current liabilities	115,791	143,095	5,400	5,407
Current liabilities	**1,040,995**	**1,044,476**	**187,594**	**210,104**
Federal refundable loans	60,382	56,670	-	-
Obligations under life income agreements			35,268	35,550
Long-term debt	3,073,161	2,729,362	-	-
Obligation to UCRP	508,208	418,913		
Obligation for retiree health benefits	1,435,324	1,156,086		
Other noncurrent liabilities	175,448	149,707	-	-
Noncurrent liabilities	**5,252,523**	**4,510,738**	**35,268**	**35,550**
Total liabilities	**6,293,518**	**5,555,214**	**222,862**	**245,654**
NET POSITION				
Invested in capital assets, net of related debt	**2,301,635**	**1,992,249**	**-**	**-**
Restricted:				
Nonexpendable:				
Endowments	230,750	229,710	690,833	669,808
Annuity and life income funds	42	42	16,660	18,116
Expendable:				
Endowments	419,527	531,722	128,951	153,950
Annuity and life income funds	412	410	13,258	14,279
Funds functioning as endowment	554,131	547,418	377,008	394,963
Endowment income	64,437	66,493		
Grants and contracts	-	-	-	-
Gifts	209,561	196,577	387,398	327,936
Loans	37,474	38,884	-	-
Capital projects	(2,295)	18,723	-	-
Debt service	5,535	14,875	-	-
Appropriations	1,161	4,130	-	-
Other	1,198	1,484	-	-
Total restricted	**1,521,933**	**1,650,468**	**1,614,108**	**1,579,052**
Unrestricted	**183,251**	**322,499**	**139,286**	**203,120**
Total net position	**$ 4,006,819**	**$ 3,965,216**	**$ 1,753,394**	**$ 1,782,172**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA, LOS ANGELES

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

At June 30, 2012 and 2011 ***(dollars in thousands)***

	CAMPUS		FOUNDATIONS	
	2012	**2011**	**2012**	**2011**
OPERATING REVENUES				
Student tuition and fees, net	$ 578,671	$ 503,072	$ -	$ -
Grants and contracts:				
Federal	636,799	659,594	-	-
State	75,801	70,180	-	-
Private	191,545	182,833	-	-
Local	40,523	38,344	-	-
Sales and services:				
Medical centers	1,738,598	1,679,483	-	-
Educational activities	899,793	769,367	-	-
Auxiliary enterprises, net	319,139	304,557	-	-
Private gifts	-	-	184,606	361,886
Other operating revenues, net	87,964	54,359	-	-
Total operating revenues	**4,568,833**	**4,261,789**	**184,606**	**361,886**
OPERATING EXPENSES				
Salaries and wages	2,556,884	2,369,612	-	-
UCRP benefits	410,632	359,426	-	-
Retiree health benefits	332,995	206,939	-	-
Benefits	522,896	483,310	-	-
Scholarships and fellowships	41,291	56,284	-	-
Utilities	44,445	45,662	-	-
Supplies and materials	533,774	479,763	-	-
Depreciation and amortization	293,764	270,561	-	-
Campus foundation grants	-	-	235,347	161,321
Other operating expenses	712,103	663,446	1,844	1,803
Total operating expenses	**5,448,784**	**4,935,003**	**237,191**	**163,124**
Operating loss	**(879,951)**	**(673,214)**	**(52,585)**	**198,762**
NONOPERATING REVENUES (EXPENSES)				
State educational appropriations	379,474	479,790	-	-
State financing appropriations	29,909	29,817	-	-
Build America Bonds federal interest subsidies	10,851	10,313	-	-
State hospital fee grant				
Federal Pell Grants	50,155	46,795	-	-
Private gifts	226,020	195,076	-	-
Investment income				
Short Term Investment Pool	90,781	37,021	-	-
Securities lending, net	-	-	244	105
Campus foundations	-	-	36,936	57,833
Net (depreciation) appreciation in fair value of investments	(26,132)	-	(59,790)	115,059
Interest expense	(120,335)	(128,841)	-	-
Gain (loss) on disposal of capital assets, net	(30,022)	(21,366)	-	-
Other nonoperating revenues (expenses)	8,283	2,947	(2,206)	(631)
Net nonoperating revenues	**618,984**	**651,552**	**(24,816)**	**172,366**
Income (loss) before other changes in net position	**(260,967)**	**(21,662)**	**(77,401)**	**371,128**
OTHER CHANGES IN NET POSITION				
State capital appropriations	4,219	17,098	-	-
Capital gifts and grants	65,620	66,979	-	-
Permanent endowments	(104,440)	206,570	48,623	77,015
Transfers	337,171	142,270	-	-
Increase in net assets	**41,603**	**411,255**	**(28,778)**	**448,143**
NET POSITION				
Beginning of year restated	3,965,216	3,553,961	1,782,172	1,334,029
End of year	**$ 4,006,819**	**$ 3,965,216**	**$ 1,753,394**	**$ 1,782,172**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA, LOS ANGELES

TRANSFERS

At June 30, 2012 and 2011 ***(dollars in thousands)***

	CAMPUS	
	2012	**2011**
Current (to)/from retirement of indebtedness	$ (136)	$ (181)
Current:		
Intrafund	-	-
Intercampus	53,225	72,145
Interfund	-	34,301
Net revenue of bonds and other indebtedness programs	-	-
Indirect cost recovery	-	-
Net adjustments	-	-
Unexpended balances - plant	210,632	(89,215)
Retirement of indebtedness	72,086	124,698
Investment in plant:		
Intrafund transfer assets	1,100	(162)
Intrafund transfer depreciation	134	70
Renewals and replacements	-	-
Loans	130	614
Indirect cost recovery	-	-
Total transfers	**$ 337,171**	**$ 142,270**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA, LOS ANGELES

STATEMENT OF CASH FLOWS

At June 30, 2012 and 2011 *(dollars in thousands)*	CAMPUS		FOUNDATIONS	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Student tuition and fees, net	$ 583,486	$ 502,847	$ -	$ -
Grants and contracts	917,076	967,166	-	-
Receipts from sales and services of:				
Medical centers	1,739,373	1,690,621	-	-
Educational activities	875,866	761,648	-	-
Auxiliary enterprises, net	318,864	304,940	-	-
Collection of loans from students and employees	10,329	10,265	-	-
Private gifts	-	-	120,506	274,296
Payments to employees	(2,650,024)	(2,368,350)	-	-
Payments to UCRP	(151,177)	(71,106)	-	-
Payments for retiree health benefits	(67,364)	(59,213)	-	-
Payments for other employee benefits	(519,305)	(475,139)	-	-
Payments to suppliers and utilities	(1,443,932)	(1,254,055)	-	-
Payments for scholarships and fellowships	(41,291)	(56,284)	-	-
Loans issued to students and employees	(9,871)	(10,356)	-	-
Operating expenses and grants	-	-	(235,180)	(162,054)
Other receipts (payments)	58,662	38,952	(3,929)	(3,635)
Transfers	7,410	46,555	-	-
Net cash provided (used) by operating activities	**(371,898)**	**28,491**	**(118,603)**	**108,607**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State educational appropriations	379,474	479,790	-	-
Federal Pell Grant	50,155	46,795	-	-
Gifts received for other than capital purposes:				
Private gifts for endowment purposes	-	-	37,635	59,611
Other private gifts	230,380	195,156	-	-
Other receipts (payments)	23,915	4,863	-	-
Transfers	45,945	60,505	-	-
Net cash provided by noncapital financing activities	**729,869**	**787,109**	**37,635**	**59,611**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Commercial paper financing				
Proceeds from issuance	131,226	29,399	-	-
Interest paid	-	-	-	-
State capital appropriations	11,876	10,199	-	-
State financing appropriations	17,663	13,767	-	-
Build America Bonds federal interest subsidies	11,125	9,029	-	-
Capital gifts and grants	55,502	32,455	-	-
Proceeds from debt issuance	411,677	220,341	-	-
Proceeds from the sale of capital assets	-	1,225	-	-
Purchases of capital assets	(577,192)	(478,918)	-	-
Refinancing/prepayment of outstanding debt	(132,599)	(159,994)	-	-
Principal paid on debt and capital leases	(17,361)	(14,974)	-	-
Interest paid on debt and capital leases	(137,870)	(133,914)	-	-
Transfers	283,816	35,210	-	-
Net cash used by capital and related financing activities	**57,863**	**(436,175)**	**-**	**-**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments:				
Other investments	-	-	445,486	298,351
Purchase of investments:				
Other investments	(465,920)	(159,508)	(383,602)	(496,691)
Investment income, net of investment expenses	90,779	36,992	18,906	30,951
Intercampus transactions	(696)	(115)	-	-
Net cash provided (used) by investing activities	**(375,837)**	**(122,631)**	**80,790**	**(167,389)**
Net increase (decrease) in cash and cash equivalents	**39,997**	**256,794**	**(178)**	**829**
Cash and cash equivalents, beginning of year restated	821,722	564,928	1,510	681
Cash and cash equivalents, end of year	**$ 861,719**	**$ 821,722**	**$ 1,332**	**$ 1,510**

REED HUTCHINSON Photography

The Academic Resources and Campus Services Fair is a popular Bruin Day destination. Powell Library is in the background.

University of California, *Los Angeles*

Years Ended June 30, 2012 and 2011

NOTES to FINANCIAL STATEMENTS

ORGANIZATION/FINANCIAL REPORTING ENTITY

The University of California (the University) was founded in 1868 as a public, state-supported institution. The California State Constitution provides that the University shall be a public trust administered by the corporation "The Regents of the University of California," which is vested with full powers of organization and government, subject only to such legislative control necessary to ensure the security of its funds and compliance with certain statutory and administrative requirements. The majority of the 26-member independent governing board (The Regents) is appointed by the Governor and approved by the state Senate. Various University programs and capital outlay projects are funded through appropriations from the state's annual Budget Act. The University's financial statements are discretely presented in the state's general purpose financial statements as a component unit.

The Los Angeles campus of the University of California (UCLA) was founded in 1919 and is financially the largest campus in the 10-campus University of California system. The financial statements included in this annual report present the combined activities of the Los Angeles campus, including the UCLA Medical Center. The University of California system is subjected to an annual audit of the consolidated financial statements, of which UCLA is a part. The financial statements for the Los Angeles campus have not been individually audited.

The Associated Students of UCLA (ASUCLA)'s financial data for the fiscal years ended June 30, 2012 and 2011 has been included in the financial statements in order to reflect total financial activity of the UCLA campus. ASUCLA conducts activities on the UCLA campus pursuant to the Statement of Understanding of ASUCLA's Relationship with the University, dated June 28, 1974.

The UCLA Foundation is a nonprofit, public-benefit corporation organized for the purpose of accepting and administering the full range of private contributions for the campus. The financial activities of the separately incorporated Foundation are not reflected within the campus' records until such time as gifts are transferred from the Foundation to the campus.

The Jonsson Cancer Center Foundation is a 501(c)3 organization established for the purpose of encouraging voluntary private gifts for the benefit of the Jonsson Comprehensive Cancer Center at UCLA. The financial activities of the separately incorporated Foundation are not reflected within the campus' records until such time as gifts are transferred from the Foundation to the campus.

In accordance with the statements of the Governmental Accounting Standards Board (GASB) detailed below, Foundation activity is disclosed on the UCLA financial statements in a separate column.

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the economic resources measurement focus and the accrual basis of accounting. The University follows accounting principles issued by the Government Accounting Standards Board (GASB).

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, effective for the University's fiscal year beginning July 1, 2011. This Statement modifies the existing requirements for the assessment of component units that should be included in the financial statements of the University. Implementation of Statement No. 61 had no effect on the University's net position or changes in net position for the years ended June 30, 2012 and 2011.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for the University's fiscal year beginning July 1, 2012; however the University adopted this Statement early, making it effective for the fiscal year beginning July 1, 2011. This Statement modifies the presentation of deferred inflows and deferred outflows in the financial statements. The effect of the changes from the implementation of Statement No. 63 on the University's financial statements for the year ended June 30, 2011 was as follows:

(in thousands of dollars)	2011		2011
	PREVIOUSLY ISSUED	CHANGE	AS REVISED
Other noncurrent assets	$ 54,272	$ (37,959)	$ 16,313
Noncurrent assets	5,009,475	(37,959)	4,971,516
Total assets	$ 8,185,410	(37,959)	8,147,451
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows from interest rate swap agreements		37,959	37,959
Total deferred outflow of resources		$ 37,959	$ 37,959

The adoption of Statement No. 63 did not result in any adjustments to the financial statements for the UCLA Foundation or Johnson Cancer Center Foundation.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, effective for the University's fiscal year beginning July 1, 2012; however, the University adopted this Statement early, effective for the fiscal year beginning July 1, 2011. This Statement clarifies the existing requirements for the termination of hedge accounting. The implementation of Statement No. 64 had no effect on the University's net position or changes in net position for the years ended June 30, 2012 and 2011.

The significant accounting policies of UCLA are summarized as follows:

Cash. UCLA considers all balances in demand deposit accounts to be cash. All other highly liquid cash equivalents are considered to be short-term investments.

Investments. Investments are stated at fair value. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or utilizing an industry

standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Certain securities may be valued on a basis of a price provided by a single source.

As a result of inactive or illiquid markets, certain investments in non-agency mortgage-backed fixed-income securities are valued on the basis of their estimated future principal and interest payments using appropriate risk-adjusted discount rates. The University believes this approximates the fair value of these investments.

Investments also include private equities, absolute return funds, real estate, real asset and certain corporate asset-backed securities. Private equities include venture capital partnerships, buyout and international funds. Interests in private equity and real estate partnerships are based upon valuations provided by the general partners of the respective partnerships as of March 31, adjusted for cash receipts, cash disbursements and securities distributions through June 30. Investments in absolute return partnerships are valued as of May 31, adjusted for cash receipts and cash disbursements through June 30. Interests in certain direct investments in real estate are estimated based upon independent appraisals. The University believes the carrying amount of these financial instruments and real estate is a reasonable estimate of fair value at June 30. Because the private equity, real estate and absolute return partnerships, along with direct investments in real estate, are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would be used had a ready market for such investment existed.

Deposits with the State of California are valued at contract value, which the University believes approximates fair value.

Investments in registered investment companies are valued based upon the reported net asset value of those companies. Mortgage loans, held as investments, are valued on the basis of their future principal and interest payments, discounted at prevailing interest rates for similar instruments. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value. Estimates of the fair value of interests in externally held irrevocable trusts where the University is the beneficiary of either the income or the remainder that will not become a permanent endowment upon distribution to the University are based upon the present value of the expected future income or, if available, the University's proportional interest in the fair value of the trust assets.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the University's statement of revenues, expenses and changes in net position.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded based on fair value at the date of donation.

Derivative financial instruments. Derivative instruments are recorded at fair value. Futures contracts, foreign currency exchange contracts, stock rights and warrants, options and swaptions are valued at the last sales price on the last day of the fiscal year, as quoted on a recognized exchange or utilizing an industry standard pricing service, when available. Financial institutions or independent advisors have

estimated the fair value of the interest rate swaps and total return swaps using quoted market prices when available or discounted expected future net cash flows.

The University has entered into interest rate swap agreements to limit the exposure of its variable-rate debt to changes in market interest rates. Interest rate swap agreements involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The net differential to be paid or received is recognized over the life of the agreements as an adjustment to interest expense. The University's counterparties are major financial institutions.

Derivatives are recorded at fair value as either assets or liabilities in the statement of net position. Certain derivatives are determined to be hedging derivatives and designated as either a fair value or cash flow hedge. Under hedge accounting, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in fair value of derivatives that are not hedging derivatives are recorded as net appreciation or depreciation of investments in the statement of revenues, expense and changes in net position.

Accounts receivable, net. Accounts receivable, net of allowance for uncollectible amounts, includes reimbursements due from state and federal sponsors of externally funded research, patient billings, accrued income on investments and other receivables. Other receivables include local government and private grants and contracts, educational activities and amounts due from students, employees and faculty for services.

Pledges receivable, net. Unconditional pledges of private gifts to UCLA to be received in the future, net of allowance for uncollectible amounts, are recorded as pledges receivable and revenue in the year promised at the present value of expected cash flows. Conditional pledges, including pledges of endowments and intentions to pledge, are recognized as receivables and revenues when the specified conditions are met.

Notes and mortgages receivable, net. Loans to students, net of allowance for uncollectible amounts, are provided from federal student loan programs and from other University sources. Home mortgage loans, primarily to faculty, are provided from the University's Short Term Investment Pool and from other University sources. Mortgage loans provided by the Short Term Investment Pool are classified as investments, and loans provided by other sources are classified as mortgages receivable in the statement of net position.

Inventories. Inventories, consisting primarily of supplies and merchandise for resale, are valued at cost, typically determined under the weighted average method, which is not in excess of net realizable value.

Capital assets, net. Land, infrastructure, buildings and improvements, intangible assets, equipment, library collections and special collections are recorded at cost at the date of acquisition, or estimated fair value at the date of donation in the case of gifts. Estimates of fair value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual value. Intangible assets include acquired goodwill. Capital leases are recorded at the present value of future minimum lease payments. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized if the cost exceeds $35,000 and if they have a useful life of more than one year. Minor renovations are charged to operations. Equipment with a cost in excess of $5,000 and a useful life of more than one year is capitalized. All costs of land, library collections, and special collections are capitalized.

Depreciation is calculated using the straight-line method over the estimated economic life of the asset. Equipment under capital leases is amortized over the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the applicable lease or the economic life of the asset.

Estimated economic lives are generally as follows:

Infrastructure	25 years
Buildings and improvements	15–33 years
Equipment	2–20 years
Computer software	3–7 years
Intangible assets	2–10 years
Library books and collectibles	15 years

Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are also capitalized and depreciated.

Inexhaustible capital assets — such as land or special collections that are protected, preserved and held for public exhibition, education or research, including art, museum, scientific and rare book collections — are not depreciated.

Interest on borrowings to finance facilities is capitalized during construction, net of any investment income earned on tax-exempt borrowings during the temporary investment of project related borrowings.

Unearned revenue. Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees, and fees for housing and dining services.

Funds held for others. Funds held for others result from the Foundations acting as an agent, or fiduciary, on behalf of organizations that are not significant or financially accountable to the Foundations.

Federal refundable loans. Certain loans to students are administered by UCLA with funding primarily supported by the federal government. UCLA's statement of net position includes both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

Self-insurance programs. The University is self-insured for medical malpractice, workers' compensation, employee health care and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by an independent insurer. Liabilities are recorded on a systemwide basis when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future claims. Each campus funds the self-insurance liability through predetermined rates applied to payroll and other expenses. These amounts are reflected as operating expenses in UCLA's Statement of Revenues, Expenses and Changes in Net Position. UCLA's financial statements do not reflect any liabilities for self-insurance claims, as these estimated liabilities are recorded on a systemwide basis.

Obligations under life income agreements. Obligations under life income agreements represent trusts with living income beneficiaries where UCLA has a residual interest. The investments associated with these agreements are recorded at fair value. The discounted present value of any income beneficiary interest is reported as a liability in the statement of net position. Gifts subject to such agreements are recorded as revenue, net of the income beneficiary share, at the date of the gift. Actuarial gains and losses are included in other nonoperating income (expense) in the statement of revenues, expenses and changes in net position. Resources that are expendable upon maturity are classified as restricted, expendable net position; all others are classified as restricted, nonexpendable net position.

Pollution remediation obligations. Upon an obligating event, UCLA estimates the components of any expected pollution remediation costs and recoveries from third parties. The costs, estimated using the expected cash flow technique, are accrued as a liability. Pollution remediation liabilities generally involved groundwater, soil and sediment contamination at certain sites where state and other regulatory agencies have indicated that the University is among the responsible parties. The liabilities are revalued annually and may increase or decrease the cost of recovery from third parties, if any, as a result of additional information that refines the estimates, or from payments made from revenue sources that support the activity. There were no expected recoveries at June 30, 2012 and 2011 reducing the pollution remediation liability.

Net position. Net position is required to be classified for accounting and reporting purposes into the following categories:

Invested in capital assets, net of related debt. This category includes all of UCLA's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted. UCLA classifies the net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.

Nonexpendable. The net position subject to externally imposed restrictions, which must be retained in perpetuity by UCLA, is classified as nonexpendable net position. This includes UCLA's permanent endowed funds.

Expendable. The net position whose use by UCLA is subject to externally imposed restrictions that can be fulfilled by actions of UCLA pursuant to those restrictions or that expire by the passage of time are classified as expendable net position.

Unrestricted. The net position that is neither reserved, restricted nor invested in capital assets, net of related debt, is classified as unrestricted net position. Unrestricted net position may be designated for specific purposes by management or The Regents. Substantially all of UCLA's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs or other purposes.

Expenses are charged to either restricted or unrestricted net position based upon a variety of factors, including consideration of prior and future revenue sources, the type of expense incurred, UCLA's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost.

Revenues and expenses. Operating revenues of UCLA include receipts from student tuition and fees, grants and contracts for specific operating activities, and sales and services from medical centers,

educational activities and auxiliary enterprises. Operating expenses incurred in conducting the programs and services of the UCLA campus and medical centers are presented in the statement of revenues, expenses and changes in net position as operating activities.

Certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of UCLA are mandated by the GASB to be recorded as nonoperating revenues, including state educational appropriations, certain federal grants for student financial aid, private gifts and investment income, since the GASB does not consider them to be related to the principal operating activities of UCLA.

The foundations are established to financially support UCLA. Private gifts to the foundations are recognized as operating revenues on the foundations' statements since, in contrast to UCLA, such contributions are fundamental to the core mission of the foundations. Foundation grants to UCLA are recognized as operating expenses by the foundations. Private gift or capital revenues associated with foundation grants to UCLA are recorded by UCLA as gifts when the foundations transfer the gifts to UCLA.

Nonoperating revenues and expenses include state educational appropriations, state financing appropriations, "Build America Bonds" federal interest subsidies, federal Pell Grants, private gifts for other than capital purposes, investment income, net unrealized appreciation or depreciation in the fair value of investments, interest expense and gain or loss on the disposal of capital assets.

State capital appropriations, capital gifts and grants, and gifts for endowment purposes are classified as other changes in net position.

Student tuition and fees. Substantially all of the student tuition and fees provide for current operations of UCLA. A small portion of the student fees, reported as capital gifts and grants, is required for debt service associated with student union and recreational centers.

UCLA recognizes scholarship allowances as the difference between the stated charge for tuition and fees, housing and dining charges, recreational center and other fees, and the amount that is paid by the student and third parties on behalf of the student. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

Scholarship allowances are netted in the statement of revenues, expenses and changes in net position for the years ended June 30, 2012 and 2011 as follows:

(dollars in thousands) **Scholarship Allowance**	**2012**	**2011**
Student tuition and fees	$ 238,627	$ 193,334
Sales and services of auxiliary enterprises	40,697	37,960
Total	$ 279,324	$ 231,294

State appropriations. The State of California provides appropriations to the University on an annual basis. State educational appropriations are recognized as nonoperating revenue; however, the related expenses are incurred to support either educational operations or other specific operating purposes. State financing appropriations provide for principal and interest payments associated with lease-purchase agreements with the State Public Works Board and are also reported as nonoperating revenue. State appropriations for capital projects are recorded as revenue under other changes in net position when the related expenditures are incurred. Special state appropriations for AIDS, tobacco and breast cancer research are reported as grant operating revenue.

Grant and contract revenue. UCLA receives grant and contract revenue from governmental and private sources. UCLA recognizes revenue associated with the direct costs of sponsored programs as the related expenditures are incurred or, in the case of fixed-price contracts, when the contract terms are met or completed. Recovery of facilities and administrative costs of federally sponsored programs is at cost reimbursement rates negotiated with UCLA's federal cognizant agency, the U.S. Department of Health and Human Services. For the year ended June 30, 2012, the facilities and administrative cost recovery totaled $191 million, $149 million from federally sponsored programs and $42 million from other sponsors. For the year ended June 30, 2011, the facilities and administrative cost recovery totaled $192 million, $153 million from federally sponsored programs and $39 million from other sponsors.

Medical center revenue. Medical center revenue is reported at the estimated net realizable amounts from patients and third-party payers, including Medicare, Medi-Cal and others, for services rendered, as well as estimated retroactive adjustments under reimbursement agreements with third-party payers. Laws and regulations governing Medicare and Medi-Cal are complex and subject to interpretation. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that estimated amounts accrued could change significantly based upon settlement, or as additional information becomes available.

Retiree health benefits expense. The University established the University of California Retiree Health Benefit Trust (UCRHBT) to allow certain University locations and affiliates, including UCLA, to share the risks, rewards and costs of providing for retiree health benefits and to accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. The Regents serves as Trustee of UCRHBT and has the authority to amend or terminate the Trust.

The UCRHBT provides retiree health benefits to retired employees of the campus. Contributions from the campus to the UCRHBT are made to a cost-sharing single-employer health plan administered by the University. The campus is required to contribute at a rate assessed each year by the UCRHBT. As a result, the campus' required contributions are recognized as an expense in the statement of revenues, expenses and changes in net position. The financial records of the UCRHBT are reported within the University's Annual Financial Report.

UCRP benefits and obligation to UCRP. UCLA's cost for campus and medical center UCRP benefits expense is based upon the annual required contribution to UCRP, as actuarially determined. Contributions to UCRP are made based upon rates or amounts determined by The Regents, and reduce UCLA's obligation to UCRP in the statement of net position.

Retiree health benefits and obligations for retiree health benefits. UCLA's cost for campus and medical center retiree health benefit expense is based upon the annual required contribution to the retiree health plan, as actuarially determine. UCLA contributions toward retiree health benefits, at rates determined by the University, are made to UCRHBT and reduce the obligation for retiree health benefits in the statement of net position.

Compensated absences. UCLA accrues annual leave, including employer-related costs, for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked.

Endowment spending. Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of UCLA programs.

Tax exemption. The University is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). Because the University is a state institution, related income received by the University is also exempt from federal tax under IRC Section 115(a). In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. The UCLA Foundation, the Jonsson Cancer Center Foundation and ASUCLA are exempt under Section 501(c)(3).

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates.

New accounting pronouncements. In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* effective for UCLA's fiscal year beginning July 1, 2012. This Statement requires UCLA to report the activities for certain public-private partnerships as service concession arrangements in the financial statements. Service concession arrangements are recorded when the arrangements meet certain criteria, which include building and operating a facility, obtaining the right to collect fees from third parties, and transferring ownership of the facility to UCLA at the end of the arrangement. UCLA is evaluating the effect that Statement No. 60 will have on its financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities,* effective for UCLA's fiscal year beginning July 1, 2013. This Statement reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. UCLA is evaluating the effect that Statement No. 65 will have on its financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62,* effective for UCLA's fiscal year beginning July 1, 2013. This Statement resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* UCLA is evaluating the effect that Statement No. 66 will have on its financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions,* effective for UCLA's fiscal year beginning July 1, 2014. This Statement revises existing standards for measuring and reporting pension liabilities for pension plans provided by the University to its employees. This Statement requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. This statement requires that most changes in the net pension liability be included in pension expense in the period of the change. As of June 30,

2012, UCLA reported an obligation to UCRP of $508 million, representing unfunded contributions to UCRP based upon the University's funding policy. Under Statement No. 68, UCLA's obligation to UCRP is expected to increase. UCLA is evaluating the effect that Statement No. 68 will have on its financial statements.

1. CASH AND CASH EQUIVALENTS

The University maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into investment accounts on a daily basis.

Under University policy, deposits are only held at financial institutions that maintain an issuer rating on long term debt of A3 or higher by Moody's, A- or higher by Stanford & Poor's or an Asset Peer group rating of 65 or higher as defined by Sheshunoff Bank Rating Reports. In 2012, ratings for one of the University's banks were lowered below these thresholds. The University approved a temporary exception for this institution and continues to monitor the institution's financial condition. At June 30, 2012 and 2011, the carrying amount of UCLA's demand deposits, generally held in five nationally recognized banking institutions, was $18.8 million and $37.5 million, respectively, Deposits in transit is the primary differences.

Investments

The Regents, as the governing Board, are responsible for the oversight of the University's investments and establishes investment policy, which is carried out by the Chief Investment Officer. These investments are associated with the Short Term Investment Pool (STIP), Total Return Investment Pool (TRIP), General Endowment Pool (GEP), and other investment pools managed by the Chief Investment Officer, or are separately invested. Pursuant to The Regents' policies on campus foundations, the Board of Trustees for each campus foundation may determine that all or a portion of their investments will be managed by the Chief Investment Officer. Asset allocation guidelines are provided to the campus foundations by the Investment Committee of The Regents.

STIP allows participants to maximize the returns on their short-term cash balances by taking advantage of the economies of scale of investing in a large pool with a broad range of maturities and is managed to maximize current earned income. Cash to provide for payroll, construction expenditures and other operating expenses for campuses and medical centers is invested in STIP. The available cash in endowment investment pools awaiting investment, or cash for administrative expenses, is also invested in STIP.

Investments authorized by The Regents for STIP include fixed-income securities with a maximum maturity of five and one-half years. In addition, for STIP, The Regents has also authorized loans, primarily to faculty members residing in California, under the University's Mortgage Origination Program with terms up to 40 years.

TRIP allows participant campuses the opportunity to maximize the return on long-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP is managed to a total return objective and is intended to supplement STIP. Investments authorized by The Regents for TRIP include a diversified portfolio of equity and fixed-income securities.

GEP is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio and the primary

investment vehicle for endowed gift funds. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements.

Other investment pools primarily facilitate annuity and life income arrangements. Separate investments are those that cannot be pooled due to investment restrictions or income requirements, or represent the University's estimated interest in externally held irrevocable trusts.

Investments authorized by The Regents for GEP, other investment pools and separate investments include equity securities, fixed-income securities and certain other asset classes. The equity portion of the investment portfolios include both domestic and foreign common and preferred stocks which may be included in actively or passively managed strategies, along with a modest exposure to private equities. The University's investment portfolios may include foreign currency denominated equity securities. The fixed-income portion of the investment portfolios may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Fixed-income investment guidelines permit the use of futures and options on fixed-income instruments in the ongoing management of the portfolios. Real estate investments are authorized for GEP. Absolute return strategies, which may incorporate short sales, plus derivative positions to implement or hedge an investment position, are also authorized for the GEP.

Derivative instruments, including futures, forward contracts, options and swap contracts, are authorized for portfolio rebalancing in accordance with The Regents' asset allocation policy and as substitutes for physical securities. They are not used for speculative purposes.

The University has deposits of $1 billion in the State Agency Investment Fund (SAIF). SAIF was created under California Government Code section 16330. The deposit to SAIF bears interest at 2.0 percent annually, payable quarterly. The agreement expires on October 25, 2012 and can be extended for additional six month periods by agreement with the state. The University is permitted to withdraw funds on the maturity date of April 25, 2013. Prior to the maturity date, the ability to withdraw funds is limited.

More detail about the University of California's investments can be found in the audited Annual Report.

2. INVESTMENTS HELD BY TRUSTEES

UCLA has entered into agreements with trustees to maintain trusts for long-term debt requirements. All investments held by trustees are insured, registered or held by the campus' trustee or custodial bank, as fiduciary for the bondholder or as agent for the University.

The trust agreements for long-term debt permit trustees to invest in U.S. and state government or agency obligations, commercial paper or other corporate obligations meeting certain credit rating requirements.

Noncurrent investments held by trustees are for the future payment of principal and interest in accordance with various indenture and other long-term debt requirements. The fair values of these investments were $14,000 at June 30, 2012 and $12,000 at June 30, 2011. This balance represents the unspent proceeds plus accumulated investment income.

UCLA's deposits to the trust are classified as a capital and related financing activity in the statement of cash flows as it is related to long-term debt requirements. Investment transactions initiated by trustees in conjunction with the management of the trust assets and payments from the trust to third parties are not included in the campus' statement of cash flows.

3. ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for uncollectible amounts at June 30, 2012 and 2011 are as follows:

(dollars in thousands)	STATE & FEDERAL GOVERNMENT	MEDICAL CENTERS	OTHER	TOTAL
At June 30, 2012				
Accounts receivable	$ 98,436	$ 362,683	$ 243,237	$ 704,356
Allowance for uncollectible amounts	(306)	(84,131)	(13,198)	(97,635)
Accounts receivable, net	$ 98,130	$ 278,552	$ 230,039	$ 606,721
At June 30, 2011				
Accounts receivable	$ 126,102	$ 358,502	$ 199,990	$ 684,594
Allowance for uncollectible amounts	(368)	(79,174)	(11,534)	(91,076)
Accounts receivable, net	$ 125,734	$ 279,328	$ 188,456	$ 593,518

Other accounts receivable are primarily related to private grants and contracts, physicians' professional fees, investment sales, tuition and fees, and auxiliary enterprises.

4. PLEDGES RECEIVABLE

The composition of pledges receivable at June 30, 2012 and 2011 is summarized as follows:

(dollars in thousands)	2012	2011
Total pledges receivable, outstanding	$ 14,930	$ 19,530
Less: Unamortized discount to present value	(496)	(691)
Allowance for uncollectible pledges	(684)	(676)
Total pledges receivable, net	13,750	18,163
Less: Current portion of pledges receivable	(6,059)	(8,964)
Noncurrent portion of pledges receivable	$ 7,691	$ 9,199

5. NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable at June 30, 2012 and 2011, along with allowances for uncollectible amounts, are as follows:

(dollars in thousands)	CURRENT	NONCURRENT NOTES	NONCURRENT MORTGAGES	TOTAL
At June 30, 2012				
Notes and mortgages receivable	$ 7,312	$ 62,415	$ 12,096	$ 81,823
Allowance for uncollectible amounts	(503)	(1,788)	(120)	(2,411)
Notes and mortgages receivable, net	$ 6,809	$ 60,627	$ 11,976	$ 79,412
At June 30, 2011				
Notes and mortgages receivable	$ 7,136	$ 60,772	$ 13,703	$ 81,611
Allowance for uncollectible amounts	(450)	(1,725)	(120)	(2,295)
Notes and mortgages receivable, net	$ 6,686	$ 59,047	$ 13,583	$ 79,316

6. CAPITAL ASSETS, NET

The campus' capital asset activity for the years ended June 30, 2012 and 2011 is as follows:

(dollars in thousands)	2010	ADDITIONS	DISPOSALS	2011	ADDITIONS	DISPOSALS	2012
ORIGINAL COST							
Land	$ 89,687	$ 2,000	$ (1,149)	$ 90,538	$ 31,224	$ -	$ 121,762
Infrastructure	7,979	(744)	-	7,235	150	-	7,385
Buildings and improvements	5,111,439	112,117	(3,509)	5,220,047	675,025	(29,911)	5,865,161
Equipment	995,712	66,984	(53,887)	1,008,809	136,707	(42,982)	1,102,534
Intangible assets	23,303	28,789	-	52,092	12,928	(14,829)	50,191
Libraries and collections	583,952	26,325	(6,029)	604,248	27,716	(13,707)	618,257
Special collections	78,626	2,218	(46)	80,798	6,826	-	87,624
Construction in progress	471,234	283,102	-	754,336	(209,941)	-	544,395
Capital assets, at original cost	$ 7,361,932	$ 520,791	$ (64,620)	$ 7,818,103	$ 680,635	$ (101,429)	$ 8,397,309

	2010	DEPRECIATION AND AMORTIZATION	DISPOSALS	2011	DEPRECIATION AND AMORTIZATION	DISPOSALS	2012
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Infrastructure	$ 6,407	$ 144	$ -	$ 6,551	$ 121	$ (595)	$ 6,077
Buildings and improvements	1,756,669	172,483	(3,319)	1,925,833	172,221	(10,368)	2,087,686
Equipment	540,660	73,033	(35,293)	578,400	87,027	(36,001)	629,426
Intangible assets	14,919	4,470	-	19,389	12,790	(11,568)	20,611
Libraries and collections	397,651	20,430	(3,511)	414,570	21,606	(13,010)	423,166
Accumulated depreciation and amortization	$ 2,716,306	$ 270,560	$ (42,123)	$ 2,944,743	$ 293,765	$ (71,542)	$ 3,166,966
Capital assets, net	$ 4,645,626			$ 4,873,360			$ 5,230,343

7. DEBT

The University directly finances the construction, renovation and acquisition of facilities and equipment, or for such other purposes as are authorized by The Regents through the issuance of debt obligations. Commercial paper and bank loans provide for interim financing. Long-term financing includes revenue bonds, capital lease obligations and other borrowings.

UCLA's outstanding debt at June 30, 2012 and 2011 is as follows:

(dollars in thousands)	INTEREST RATES	MATURITY YEARS	2012	2011
INTERIM FINANCING:				
Commercial paper	0.1–0.4%	2012	$ 164,520	$ 33,294
LONG-TERM FINANCING:				
University of California General Revenue Bonds	0.3–7.5%	2013–2112	1,509,998	1,188,214
University of California Limit Project Revenue Bonds	2.0–6.3%	2013–2050	519,410	525,494
University of California Medical Center Revenue Bonds Series 2004 and 2007, net	* 3.0–6.6%	2013–2049	624,621	656,767
Mortgages and other borrowings	3.2–5.3%	2013–2047	41,542	56,412
Capital lease obligations - state lease revenue bonds	0.0–10.0%	2013–2042	382,057	400,740
Capital lease obligations	1.8–7.0%	2013–2042	75,832	21,861
Total outstanding debt			**$ 3,317,974**	**$ 2,882,782**
Less: Commercial paper			(164,520)	(33,294)
Current portion of outstanding debt			(80,293)	(118,457)
Noncurrent portion of outstanding debt			**$ 3,153,453**	**$ 2,731,031**

**bond coupon rates are shown*

Interest expense associated with financing projects during construction, net of any investment income earned on tax-exempt bond proceeds during construction, is capitalized. Total interest expense during the years ended June 30, 2012 and 2011 was $138.4 million and $137.1 million, respectively. Interest expense, net of investment income, totaling $18.1 million and $8.3 million was capitalized during the years ended June 30, 2012 and 2011, respectively. The remaining $120.3 million in 2012 and $128.8 million in 2011 is reported as interest expense in the statement of revenues, expenses and changes in net position.

Outstanding Debt Activity

Activity with respect to UCLA's current and noncurrent debt for the years ended June 30, 2012 and 2011 is as follows:

(dollars in thousands)	REVENUE BONDS	MORTGAGES AND OTHER BORROWINGS	CAPITAL LEASE OBLIGATIONS	TOTAL
Year Ended June 30, 2012				
Long-term debt and capital leases at June 30, 2011	$ 2,370,474	$ 56,412	$ 420,933	$ 2,847,819
New obligations	402,591	-	62,951	465,542
Refinance or prepay of principal on bank loan	(25,750)	(13,138)	-	(38,888)
Principal payments and amortizations	(93,287)	(1,732)	(26,001)	(121,020)
Long-term debt and capital leases at June 30, 2012	2,654,028	41,542	457,883	3,153,453
Less: Current portion	(53,300)	(1,966)	(25,027)	(80,293)
Noncurrent portion at June 30, 2012	$ 2,600,728	$ 39,576	$ 432,856	$ 3,073,160
Year Ended June 30, 2011				
Long-term debt and capital leases at June 30, 2010	$ 2,451,433	$ 58,117	$ 310,249	$ 2,819,799
New obligations	75,925	-	136,341	212,266
Refinance or prepay of principal on bank loan	(18,615)	-	-	(18,615)
Principal payments and amortizations	(138,269)	(1,705)	(25,657)	(165,631)
Long-term debt and capital leases at June 30, 2011	2,370,474	56,412	420,933	2,847,819
Less: Current portion	(90,733)	(1,799)	(25,925)	(118,457)
Noncurrent portion at June 30, 2011	$ 2,279,741	$ 54,613	$ 395,008	$ 2,729,362

Commercial Paper

The University has available a $2.0 billion commercial paper program, issued in two series, with tax-exempt and taxable components. Commercial Paper may be issues for interim/permanent financing for capital projects, interim financing of equipment, financing of working capital for the medical centers and other working capital needs, standby or interim financing for gift financed projects and working capital for the University.

The program's liquidity is supported by available investments in STIP and TRIP. Commercial paper is collateralized by a pledge of the revenues derived from the ownership or operation of the projects financed and constitutes limited obligations of the University. There is no encumbrance, mortgage or other pledge of property securing commercial paper and the paper down to constitute general obligations of the University.

University of California Revenue Bonds

Revenue bonds have financed various auxiliary, administrative, academic, medical center and research facilities of the University. They generally have annual principal and semiannual interest payments, serial and term maturities, contain sinking fund requirements and may have optional redemption provisions. Revenue bonds are not collateralized by any encumbrance, mortgage, or other pledge of property, except pledged revenues, and do not constitute general obligations of The Regents. Revenue bond indentures require the University to use the facilities in a way which will not cause the interest on the tax-exempt bonds to be included in the gross income of the bondholders for federal tax purposes. General Revenue Bonds are collateralized solely by General Revenues as defined in the Indenture. General Revenues are certain operating and nonoperating revenues of the University consisting of gross

student tuition and fees; facilities and administrative cost recovery from contracts and grants; revenues from educational, auxiliary and other activities; and other revenues, including unrestricted investment income. The General Revenue Bond Indenture requires the University to set rates, charges and fees each year sufficient for General Revenues to pay for the annual principal and interest on the bonds and certain other financial covenants.

Limited Project Revenue Bonds are issued to finance auxiliary enterprises and are collateralized by a pledge consisting of the sum of the gross revenues of the specific projects. The Indenture requires the University to achieve the sum of gross project revenues equal to 1.1 times debt service and maintain certain other financial covenants.

Medical Center Pooled Revenue Bonds are issued to finance the University's medical center facilities and are collateralized by a joint and several pledge of the gross revenues of all five of the University's medical centers. Medical center gross revenues are excluded from General Revenues. The Medical Center Pooled Revenue Bond Indenture requires the medical centers to set rates, charges and fees each year sufficient for the medical center gross revenues to pay for the annual principal and interest on the bonds and certain other financial covenants.

Medical Center Revenue Bonds have also financed certain facilities of UCLA's medical center and are collateralized by a pledge of the specific gross revenues associated with the medical center. The Medical Center Revenue Bond Indentures require the medical center to achieve debt service coverage of 1.1 times; set limitations on encumbrances, indebtedness, disposition of assets and transfer services; as well as maintain certain other financial covenants.

Medical Center gross revenues are not pledged for any purpose other than under the Indentures for the Medical Center Pooled Revenue Bonds, interest rate swap agreements and specific Medical Center Revenue Bonds. The pledge of medical center revenues under Medical Center Pooled Revenue Bonds is subordinate to the Medical Center Revenue Bonds. The pledge of medical center revenues for interest rate swap agreements may be at parity with or subordinate to specific Medical Center Revenue Bonds and Medical Center Pooled Revenue Bonds.

All indentures permit the University to issue additional bonds as long as certain conditions are met.

2012 Activity

In August 2011, General Revenue Bonds totaling $52.8 million tax-exempt bonds were issued to finance and refinance certain facilities and projects of UCLA. Proceeds, including a bond premium of $6.5 million, were used to pay for project construction and issuance costs and refund $40.6 million of outstanding General Revenue Bonds and $15.2 million of Multiple Purpose Project Revenue Bonds. The bonds mature at various dates through 2028. The tax-exempt bonds have a stated weighted average interest rate of 4.9 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

In February 2012, General Revenue Bonds for UCLA totaling $400 million were issued to finance or refinance capital projects or for such other purposes as authorized by The Regents. The bonds have a stated interest rate of 4.9 percent, maturing in 2112.

Mortgages and Other Borrowings

Mortgages and other borrowings consist of contractual obligations resulting from the acquisition of land or buildings and the construction and renovation of certain facilities. The mortgages are collateralized by real property.

As part of the University, UCLA may use uncollateralized bank lines of credit with commercial banks to supplement commercial paper to provide interim financing for buildings and equipment. There were no outstanding borrowings under line-of-credit commitments at June 30, 2012 and 2011, respectively.

Capital Leases

The University has entered into lease-purchase agreements with the state of California that are recorded as capital leases. The state sells lease revenue bonds to finance construction of certain state-owned buildings to be used by the University. During the construction phase, the University acts as an agent for the state. Bond proceeds remain on deposit with the state, as trustee, until the University is reimbursed as the project is constructed.

Upon completion, the buildings and equipment are leased to UCLA under terms and amounts that are sufficient to satisfy the state's lease revenue bond requirements with the understanding that the state will provide financing appropriations to UCLA to satisfy the annual lease requirements. At the conclusion of the lease term, ownership transfers to UCLA.

Capital leases entered into with other lessors totaled $190.2 million and $143.8 million in 2012 and 2011, respectively. The majority of that amount, $114.3 million, is attributed to State Lease Revenue Bonds issued to finance the UCLA replacement hospitals in Santa Monica and Westwood; the bonds mature in 2031.

Future Debt Service and Hedging Derivative Interest Rate Swaps

Future debt service payments for UCLA's fixed- and variable-rate debt and net receipts or payments on associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2012 and thereafter are presented below. Although not a prediction by UCLA of the future interest cost of the variable-rate bonds or the impact of the hedging derivative interest rate swaps, these amounts assume that current interest rates on variable-rate bonds and the current reference rates of the hedging derivative interest rate swaps will remain the same. As these rates vary, variable-rate bond interest payments and net hedging derivative interest rate swap payments will vary.

(dollars in thousands) Year Ending June 30	REVENUE BONDS	CERTIFICATES OF PARTICIPATION	MORTGAGES AND OTHER BORROWINGS	CAPITAL LEASES STATE	CAPITAL LEASES OTHER	TOTAL PAYMENTS	PRINCIPAL	INTEREST
2013	$ 182,676	$ -	$ 2,008	$ 37,963	$ 10,490	$ 233,137	$ 79,526	$ 153,611
2014	178,390	-	1,941	37,906	7,737	225,974	79,981	145,993
2015	178,156	-	1,942	37,567	4,692	222,357	80,162	142,195
2016	179,808	-	1,942	38,101	3,373	223,224	86,124	137,100
2017	179,967	-	1,942	38,075	3,429	223,413	90,572	132,841
2018–2022	873,529	-	4,698	181,023	19,077	1,078,327	479,885	598,442
2023–2027	820,854	-	-	104,232	23,210	948,296	472,049	476,247
2028–2032	737,061	-	-	84,937	28,239	850,237	481,816	368,421
2033–2037	639,691	-	-	6,473	34,357	680,521	416,099	264,422
2038–2042	434,768	-	-	-	38,710	473,478	294,949	178,529
2043–2047	288,295	-	-	-	-	288,295	166,095	122,200
2048–2052	114,343	-	-	-	-	114,343	16,140	98,203
2053–2112	1,565,920	-	-	-	-	1,565,920	400,000	1,165,920
Total future debt service	6,373,458	-	14,473	566,277	173,314	7,127,522	$ 3,143,398	$ 3,984,124
Less interest component of future payments	3,699,930	-	2,487	184,227	97,482	3,984,126		
Principal portion of future payments	2,673,528	-	11,986	382,050	75,832	3,143,396		
Deferred premium and deferred financing, net - Medical Center	10,057	-	-	-	-	10,057		
Derivative instrument - Medical Center pooled revenue bonds	(29,556)	-	29,556	-	-	-		
Total long-term outstanding debt	$ 2,654,029	$ -	$ 41,542	$ 382,050	$ 75,832	$ 3,153,453		

8. THE UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)

Most UCLA employees participate in UCRS. UCRS consists of The University of California Retirement Plan, a single employer, defined benefit plan funded with University and employee contributions; the University of California Retirement Savings Program (UCRSP) that includes four defined contribution plans with options to participate in internally and externally managed investment portfolios generally funded with employee non-elective and elective contributions; and the California Public Employee's Retirement System (PERS) Voluntary Early Retirement Incentive Program (PERS-VERIP), a defined benefit plan for UCLA employees who were members of PERS who elected early retirement. The Regents has the authority to establish and amend the benefit plans.

Information on the retirement plans can be obtained from the 2011-12 annual report of the University of California Retirement System.

University of California Retirement Plan (UCRP)

UCRP provides lifetime retirement income, disability protection, death benefits and pre-retirement survivor benefits to eligible employees. Membership in the retirement plan is required for all employees appointed to work at least 50 percent time for an indefinite period or for a definite period of a year or more. An employee may also become eligible by completing 1,000 hours of service within a 12-month period. Generally, five years of service are required for entitlement to plan benefits. The amount of the pension benefit is determined by salary rate, age and years of service credit with certain cost-of-living adjustments. The maximum monthly benefit is 100 percent of the employee's highest average compensation over a consecutive 36-month period, subject to certain limits imposed under the Internal Revenue Code.

Contribution Policy

The Regents' contribution funding policy is based on a percentage of payroll using the entry age normal actuarial cost method. In determining the funding policy contribution, all July 1, 2010 amortization bases were combined to a single amortization base and amortized over a 30-year period as a level dollar amount.

The total funding policy contribution rates as of July 1, 2011 are based on all of the Plan data, the actuarial assumptions and the Plan provisions adopted at the time of preparation of the actuarial valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses, and changes in the actuarial assumptions. Employee contributions by represented employees are subject to collective bargaining agreements. UCLA contributions were $136 million and $71 million for 2012 and 2011, respectively.

Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or a lump sum equal to the present value of their accrued benefits.

UCRP Benefits and Obligation to UCRP

The University's annual UCRP benefit expense is independently calculated based upon the actuarially determined annual required contributions. The annual required contribution represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize unfunded actuarial liabilities or surplus over a period of up to 30 years.

UCLA's annual UCRP benefit expense and related information for the years ended June 30, 2012 and 2011 is as follows:

	UCLA	
(dollars in thousands)	**2012**	**2011**
Actuarial valuation date	July 1, 2011	July 1, 2010
Annual required contribution	$ 439,447	$ 385,240
Interest on obligation to UCRP	31,854	27,335
Adjustment to annual required contribution	(36,338)	(29,957)
Annual UCRP cost	**434,963**	**382,618**
University contributions to UCRP	(351,475)	(328,175)
Increase (decrease) in obligation to UCRP	83,489	54,443
Obligation to UCRP		
Beginning of year	424,719	364,469
End of year	**$ 508,208**	**$ 418,913**

The annual UCRP benefit cost, the percentage of the annual UCRP benefit cost contributed to UCRP and the net obligation to UCRP for UCLA for the years ended June 30, 2012 and June 30, 2011 are as follows:

(dollars in thousands)	**UCLA**
Annual UCRP benefit cost:	
June 30, 2012	$ 410,632
June 30, 2011	359,427
Percent of annual cost contribution:	
June 30, 2012	80.8%
June 30, 2011	85.8%
Net obligation (benefit) to UCRP:	
June 30, 2012	$ 508,208
June 30, 2011	418,913

Funded Status

Actuarial valuations represent a long-term perspective and involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The projection of benefits does not explicitly incorporate the potential effects of the results of collective bargaining discussions on the contribution rate. Actuarially determined amounts are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future.

All UCRP assets are available to pay any member's benefit.

The funded status of UCRP for the campuses and medical centers as of July 1, 2011 was as follows:

(dollars in thousands)	**CAMPUSES AND MEDICAL CENTERS**
Actuarial value of plan assets	$ 35,315,069
Actuarial accrued liability	(43,011,985)
Unfunded actuarial accrued liability	$ (7,696,916)
Funded ratio	82.1%
Covered payroll	$ 7,899,551
Unfunded actuarial accrued liability as a percentage of covered payroll	(97.4)%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based upon the plan as understood by the University and plan members, and include the types of benefits provided at the time of each valuation and the historical cost pattern of sharing of benefit costs between the University and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial methods and assumptions used in the valuation were:

- Assumed return on investment of 7.5 percent per year;
- Projected salary increases ranging from 4.3 to 6.8 percent per year;
- Projected inflation at 3.5 percent;

- Entry Age Normal actuarial cost method;
- Future life expectancy based upon recent group mortality experience; and
- Assumed retirement ages, employee turnover and disability rates based on actual plan experience and future expectations for campuses and medical centers.

The actuarial value of assets was determined by smoothing the effect of short-term volatility in the fair value of investments over a five-year period. The amortization period for the excess of actuarial accrued liability over the actuarial value of assets at July 1, 2011 for campuses and medical centers and total UCRP was 24 years.

University of California Retirement Savings Program (UCRSP)

UCRSP includes four defined contribution plans providing retirement savings incentives that are generally available to all University employees. Participants' interests in the plans are fully and immediately vested and are distributable at retirement, termination of employment or death. Participants may also elect to defer distribution of the account until age 70½ or separation from service after age 70½, whichever is later, in accordance with Internal Revenue Code minimum distribution requirements. The plans also accept qualified rollover contributions.

Defined Contribution Plans (DC Plan)

The DC Plan accepts both after-tax and pretax employee contributions that are fully vested. Pretax contributions are mandatory for all employees who are members of UCRP, as well as Safe Harbor participants (part-time, seasonal and temporary employees) who are not covered by Social Security. For UCRP members, monthly employee contributions range from approximately 2.0 percent to 4.0 percent of covered wages depending upon whether wages are below or above the Social Security wage base. For Safe Harbor participants, monthly employee contributions are 7.5 percent of covered wages. In April 2010, pretax employee contributions were discontinued, subject to collective bargaining for represented employees.

The University has a provision for matching employer and employee contributions to the DC Plan for certain summer session teaching or research compensation for eligible academic employees. The University may also make contributions on behalf of certain members of management.

The Supplemental Defined Contribution Plan (SDC Plan) accepts employer contributions on behalf of certain designated employees. Employer contributions are fully vested and there is no provision for employee contributions. There were no employer contributions to the SDC Plan for the years ended June 30, 2012 or 2011.

Tax Deferred 403(b) Plan

The University's Tax-Deferred 403(b) Plan (403(b) Plan) accepts pretax employee contributions. The University may also make contributions on behalf of certain members of management.

457(b) Deferred Compensation Plan

The University's 457(b) Deferred compensation Plan (457(b) Plan) accepts pretax employee contributions. UCLA may also make contributions on behalf of certain members of management. There were no employer contributions to the 457(b) Plan for the years ended June 30, 2012 and 2011.

Participants in the DC Plan, the SDC Plan, the 403(b) Plan and the 457(b) Plan may direct their elective and nonelective contributions to investment funds managed by the Chief Investment Officer. They may also invest account balances in certain mutual funds.

University of California PERS-VERIP

The University of California PERS-VERIP is a defined benefit pension plan providing lifetime supplemental retirement income and survivor benefits to UC-PERS members who elected early retirement under provisions of the plan. The University contributed to PERS on behalf of these UC-PERS members. As of July 1, 2012 there are 659 systemwide retirees or beneficiaries receiving benefits under this voluntary early retirement program.

The University previously made contributions to the plan sufficient to maintain the promised benefits. The annual requirement contribution, net obligation to PERS-VERIP and any changes or adjustments to that obligation are all zero for the years ending June 30, 2012 and 2011.

9. RETIREE HEALTH BENEFIT COSTS AND OBLIGATIONS

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees and their eligible family members (retirees) of the University of California and its affiliates. The Regents has the authority to establish and amend the plans. Additional information can be obtained from the 2011-2012 annual report of the University of California Retiree Health Benefit Trust.

Membership in UCRP is required to become eligible for retiree health benefits.

Contribution Policy

The contribution requirements of the University and eligible retirees are established and may be amended by the University. The contribution requirements are based upon projected pay-as-you-go financing. University and retiree contributions toward premiums made under purchased plan arrangements are determined by applying the health plan contract rates across the number of participants in the respective plans. Premium rates for the self-insured plan contributions are set by the University based upon a trend analysis of the historic cost, utilization, demographics and administrative expenses to provide for the claims incurred and the actuarially determined level of incurred but not reported liability.

Contributions toward medical and dental benefits are shared between the University and the retiree. Contributions toward wellness benefits are made by the University. The University does not contribute toward the cost of other benefits available to retirees. Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least five years of service. Retirees employed by the University after 1989 are subject to graduated eligibility provisions that generally require 10 years of service before becoming eligible for 50 percent of the maximum University contribution, increasing to 100 percent after 20 years of service.

Active employees do not make any contributions toward the retiree health benefit plans. Retirees pay the excess, if any, of the premium over the applicable portion of the University's contribution.

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members who are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. This effect is called the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

Retiree Health Benefit Expense and Obligation for Retiree Health Benefits

The University's retiree health benefit expense is independently calculated based upon the actuarially determined annual required contribution. The annual required contribution represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize unfunded actuarial liabilities over a period of up to 30 years.

UCLA's annual retiree health benefit expense and related information for the years ended June 30, 2012 and 2011 is as follows:

	UCLA	
(dollars in thousands)	**2012**	**2011**
Actuarial valuation date	July 1, 2011	July 1, 2010
Annual required contribution	$ 403,678	$ 435,994
Interest on obligation to retiree health benefits	64,414	45,757
Adjustment to annual required contribution	(124,549)	(84,792)
Annual retiree health benefit cost	**343,542**	**396,960**
University contributions for retiree health benefits	**(79,380)**	**(71,021)**
Increase in obligations for retiree health benefits	**264,163**	**325,939**
Obligations for retiree health benefits		
Beginning of year	1,171,161	830,148
End of year	**$ 1,435,324**	**$ 1,156,086**

The annual retiree health benefit cost, the percentage of the annual retiree health benefit cost contributed to the retiree health benefit plan, and the net obligation for retiree health benefits for UCLA for the years ended June 30, 2012 and June 30, 2011 are as follows:

(dollars in thousands)	**UCLA**
Annual retiree health benefit cost:	
June 30, 2012	$ 332,995
June 30, 2011	206,939
Percent of annual cost contribution:	
June 30, 2012	23.2%
June 30, 2011	17.9%
Net obligation (benefit) to the retiree benefits plan:	
June 30, 2012	$ 1,435,323
June 30, 2011	1,156,086

Funded Status

Actuarial valuations represent a long-term perspective and involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, investment return and health care cost trends. The projection of benefits does not explicitly incorporate the potential effects of the results of collective bargaining discussions on the contribution rate. Actuarially determined amounts are subject to periodic revisions as actual rates are compared with past expectations and new estimates are made about the future.

The funded status of the plan for the campuses and medical centers as of July 1, 2011 was as follows:

(dollars in thousands)	CAMPUSES AND MEDICAL CENTERS
Actuarial value of plan assets	$ 77,907
Actuarial accrued liability	(14,726,665)
Unfunded actuarial accrued liability	**$ (14,648,758)**
Value of the implicit subsidy included in the actuarial accrued liability	$ 2,259,855
Funded ratio	0.5%
Covered payroll	$ 7,899,551
Unfunded actuarial accrued liability as a percentage of covered payroll	(185.4)%

Additional information on the retiree health plans can be obtained from the 2011-2012 annual reports of the University of California and the University of California Health and Welfare Programs.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based upon the plan as understood by the University and plan members, and include the types of benefits provided at the time of each valuation and the historical cost pattern of sharing of benefit costs between the University and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial methods and assumptions used in the valuation were:

- Assumed return on investment of 5.5 percent per year, representing the return on the University's assets expected to be used to finance benefits, smoothing the effect of gains and losses over a five-year period;
- Health care cost trend rate ranging from 7.5 to 12.5 percent for non-Medicare and 7.5 to 20.0 percent for Medicare initially, depending on the type of plan, reduced by increments to an ultimate rate of 5.0 percent over nine years;
- Projected inflation at 3.0 percent;
- Amortization of the initial unfunded actuarial accrued liability over 30 years as a flat dollar amount on a closed basis;
- Amortization of future actuarial gains and losses over 15 years as a flat dollar amount on a closed basis;
- Amortization of the effects of changes in the plan design, or changes in assumptions, over 30 years as a flat dollar amount on a closed basis;
- Entry Age Normal actuarial cost method;
- Future life expectancy based upon recent group mortality experience; and
- Assumed retirement ages, employee turnover and disability rates based on actual plan experience and future expectations.

10. ENDOWMENTS AND FOUNDATION GIFTS

Endowments and gifts are held and administered either by the University or by UCLA's Foundations. The book value and market value for endowments for the years ended June 30, 2012 and 2011, are as follows:

	UCLA		FOUNDATIONS	
(dollars in thousands)	**2012**	**2011**	**2012**	**2011**
Restricted				
Endowments	$ 230,750	$ 229,710	$ 690,833	$ 669,808
Annuity and life income	42	42	16,660	18,116
Nonexpendable	230,792	229,752	707,493	687,924
Endowments	353,052	384,802	128,951	153,950
Funds functional as endowments	554,132	547,418	377,008	394,963
Help in trust by others	66,475	146,920	-	-
Annuity and life income	412	410	13,258	14,279
Gifts and other	317,071	341,165	387,398	327,936
Expendable	1,291,142	1,420,715	906,615	891,128
Total restricted	1,521,934	1,650,467	1,614,108	1,579,052
Unrestricted	6,505	5,141	139,286	203,120
Total	$ 1,528,434	$ 1,655,608	$ 1,753,394	$ 1,782,172

University Endowments

The endowments held by the University are administered on a systemwide basis. The University's endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve the maximum long-term total return. As a result of this emphasis on total return, the proportion of the annual income distribution provided by dividend and interest income and by capital gains may vary significantly from year to year. The University's policy is to retain the realized and unrealized appreciation with the endowment after the annual income distribution has been made.

The portion of investment returns earned on endowments held by the University and distributed at the end of each year to support current operations for the following year is based upon a rate that is approved by The Regents. The total distribution transferred to UCLA from endowments held by the University was $32.3 million for both years ended June 30, 2012 and 2011.

UCLA Foundations

Under University policies approved by The Regents, each individual campus may establish separate foundations to provide valuable assistance in fundraising, public outreach and other support for the missions of the campus and the University. Although independent boards govern the UCLA Foundation and the Jonsson Cancer Center Foundation (JCCF), their assets are dedicated for the sole benefit of UCLA. During the years ended June 30, 2012 and 2011, gifts of $162 million ($73 million from endowment investments and $89 million from current funds) and $135 million ($51 million from endowment investments and $84 million from current funds), respectively, were transferred to UCLA from these Foundations.

The financial activity of the separately incorporated Foundations are combined and presented in UCLA's financial statements under a separate column titled "Foundations."

11. OPERATING EXPENSES BY FUNCTION

Operating expenses, by functional classification, for the years ended June 30, 2012 and 2011, are as follows:

(dollars in thousands)	**2012**	**2011**
Instruction	$ 1,388,195	$ 1,240,220
Research	738,806	702,469
Public service	99,938	100,161
Academic support	427,683	348,284
Student services	106,104	68,902
Institutional support	153,505	137,720
Operations and maintenance of plant	77,486	78,931
Student financial aid	44,224	59,277
Medical centers	1,450,865	1,284,846
Auxiliary enterprises	276,478	252,277
Depreciation	293,764	270,561
Other	23,202	19,686
Total	$ 5,080,250	$ 4,563,334

12. CAMPUS FOUNDATION INFORMATION

Under University of California policies approved by The Regents, each individual campus may establish a separate foundation to provide valuable assistance in fundraising, public outreach, and other support for the missions of the campus and the University. Although independent boards govern these foundations, their assets are dedicated for the University of California, Los Angeles. For the Los Angeles campus, the UCLA Foundation was established in 1945. In addition, the Jonsson Cancer Center Foundation/UCLA was established in 1956. The primary purpose of the Jonsson Cancer Center Foundation/UCLA is to raise and distribute funds for cancer research at UCLA. These two foundations are component units of the University. The combined financial statements of these two foundations are presented discretely in a separate column on the University's financial statements because of their nature and significance of their relationship with the University.

Condensed financial statement information related to the University's campus foundations for the years ended June 30, 2012 and 2011 is as follows:

	UNIVERSITY OF CALIFORNIA, LOS ANGELES FOUNDATIONS		
(dollars in thousands)	UCLA FOUNDATION*	JONSSON CANCER CENTER FOUNDATION	TOTAL
Year ended June 30, 2012			
CONDENSED STATEMENT OF NET POSITION			
Current assets	$ 202,764	$ 5,761	$ 208,525
Noncurrent assets	1,759,819	7,912	1,767,731
Total assets	**1,962,583**	**13,673**	**1,976,256**
Current liabilities	187,587	7	187,594
Noncurrent liabilities	35,268	-	35,268
Total liabilities	**222,855**	**7**	**222,862**
Restricted	1,607,740	6,368	1,614,108
Unrestricted	131,988	7,298	139,286
Total net position	**$ 1,739,728**	**$ 13,666**	**$ 1,753,394**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating revenues	$ 171,571	$ 13,035	$ 184,606
Operating expenses	(225,684)	(11,507)	(237,191)
Operating income	**(54,113)**	**1,528**	**(52,585)**
Nonoperating revenues	(24,810)	(6)	(24,816)
Income before other changes in net position	**(78,923)**	**1,522**	**(77,401)**
Permanent endowments	48,623	-	48,623
Increase in net position	**(30,300)**	**1,522**	**(28,778)**
Net position - June 30, 2011	1,770,028	12,144	1,782,172
Net position - June 30, 2012	**$ 1,739,728**	**$ 13,666**	**$ 1,753,394**
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	$ (118,106)	$ (497)	$ (118,603)
Noncapital financing activities	37,635	-	37,635
Investing activities	80,271	519	80,790
Net increase (decrease) in cash and equivalents	**(200)**	**22**	**(178)**
Cash and equivalents - June 30, 2011	1,469	41	1,510
Cash and equivalents - June 30, 2012	**$ 1,269**	**$ 63**	**$ 1,332**

**Net of investments held for Jonsson Cancer Center Foundation*

(dollars in thousands)	UNIVERSITY OF CALIFORNIA, LOS ANGELES FOUNDATIONS		
	UCLA FOUNDATION*	JONSSON CANCER CENTER FOUNDATION	TOTAL
Year ended June 30, 2011			
CONDENSED STATEMENT OF NET POSITION			
Current assets	$ 235,960	$ 5,332	$ 241,292
Noncurrent assets	1,779,718	6,818	1,786,536
Total assets	**2,015,678**	**12,150**	**2,027,828**
Current liabilities	210,100	6	210,106
Noncurrent liabilities	35,550	-	35,550
Total liabilities	**245,650**	**6**	**245,656**
Restricted	1,574,299	4,753	1,579,052
Unrestricted	195,729	7,391	203,120
Total net position	**$ 1,770,028**	**$ 12,144**	**$ 1,782,172**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating revenues	$ 351,611	$ 10,275	$ 361,886
Operating expenses	(152,315)	(10,809)	(163,124)
Operating income	**199,296**	**(534)**	**198,762**
Nonoperating revenues	171,142	1,224	172,366
Income before other changes in net position	**370,438**	**690**	**371,128**
Permanent endowments	77,015	-	77,015
Increase in net position	**447,453**	**690**	**448,143**
Net position - June 30, 2010	1,322,575	11,454	1,334,029
Net position - June 30, 2011	**$ 1,770,028**	**$ 12,144**	**$ 1,782,172**
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	$ 108,784	$ (177)	$ 108,607
Noncapital financing activities	59,611	-	59,611
Investing activities	(167,559)	170	(167,389)
Net increase (decrease) in cash and equivalents	**836**	**(7)**	**829**
Cash and equivalents - June 30, 2010	633	48	681
Cash and equivalents - June 30, 2011	**$ 1,469**	**$ 41**	**$ 1,510**

**Net of investments held for Jonsson Cancer Center Foundation*

13. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

Amounts committed but unexpended for construction projects totaled $516.5 million and $683.9 million at June 30, 2012 and 2011, respectively.

UCLA leases land, buildings and equipment under agreements recorded as operating leases. Operating lease expenses for the years ended June 30, 2012 and 2011 were $73.7 million and $60.4 million, respectively. The terms of operating leases extend through March 2027.

Future minimum payments on operating leases with initial or remaining non-cancelable terms in excess of one year are as follows:

(dollars in thousands) **Year Ending June 30**	**MINIMUM ANNUAL LEASE PAYMENTS**
2013	$ 45,882
2014	39,959
2015	33,696
2016	27,639
2017	21,373
2018–2022	59,092
2023–2027	3,731
Total	$ 231,372

Contingencies

Substantial amounts are received and expended by UCLA, including the UCLA medical centers, under federal and state programs and are subject to audit by cognizant governmental agencies. This funding relates to research, student aid, medical center operations and other programs. UCLA management believes that any liabilities arising from such audits will not have a material effect on UCLA's financial position.

UCLA is contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, UCLA management and campus counsel are of the opinion that the outcome of such matters will not have a material effect on UCLA's financial position.

UCLA

The UCLA 2011-12 Annual Financial Report
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ELENA ZHUKOVA Photography

The UCLA 2011-12 Annual Financial Report is available only in electronic format. This report and reports from prior years are available at www.accounting.ucla.edu

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